

ANNUAL BUDGET OF

UMSOBOMVU MUNICIPALITY



2019/20 TO 2021/22

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Table of Contents

PART 1 – ANNUAL BUDGET	5
1.1 MAYOR’S REPORT: FOREWORD BY THE MAYOR	5
1.2 COUNCIL RESOLUTIONS	7
1.3 EXECUTIVE SUMMARY	8
1.4 OPERATING REVENUE FRAMEWORK	10
1.5 OPERATING EXPENDITURE FRAMEWORK	23
1.6 CAPITAL EXPENDITURE	28
1.7 ANNUAL BUDGET TABLES	31
2 PART 2 – SUPPORTING DOCUMENTATION	52
2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS	52
2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	54
2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	62
2.4 OVERVIEW OF BUDGET RELATED-POLICIES	69
2.5 OVERVIEW OF BUDGET ASSUMPTIONS	71
2.6 OVERVIEW OF BUDGET FUNDING	74
2.7 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS	90
2.8 COUNCILLOR AND EMPLOYEE BENEFITS	92
2.9 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	96
2.10 ANNUAL BUDGETS AND SDBIPs – INTERNAL DEPARTMENTS	102
2.11 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	102
2.12 CAPITAL EXPENDITURE DETAILS	102
2.13 LEGISLATION COMPLIANCE STATUS	117
2.14 MUNICIPAL MANAGER’S QUALITY CERTIFICATE	126

List of Tables

Table 1 Consolidated Overview of the 2019/2020 MTREF	Error! Bookmark not defined.
Table 2 Summary of revenue classified by main revenue source	11
Table 3 Percentage growth in revenue by main revenue source	Error! Bookmark not defined.
Table 4 Operating Transfers and Grant Receipts	
13 Table 5 Comparison of proposed rates to levied for the 2019/2020 financial year	Error! Bookmark not defined.
Table 6 Proposed Water Tariffs	Error! Bookmark not defined.
Table 7 Comparison between current water charges and increases (Domestic)	18
Table 8 Comparison between current electricity charges and increases (Domestic) ..	Error! Bookmark not defined.
Table 9 Comparison between current sanitation charges and increases	
20 Table 10 Comparison between current sanitation charges and increases, single dwelling- houses ...	Error! Bookmark not defined.
Table 11 Comparison between current waste removal fees and increases .	Error! Bookmark not defined.

Table 12 MBRR Table SA14 – Household bills	Error! Bookmark not defined.
Table 13 Summary of operating expenditure by standard classification item	Error! Bookmark not defined.
Table 14 Operational repairs and maintenance	Error! Bookmark not defined.
Table 15 Repairs and maintenance per asset class	25
Table 16 2019/2020 Medium-term capital budget per vote	29
Table 17 MBRR Table A1 - Budget Summary	31
Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	34
Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	35
Table 20 Surplus/(Deficit) calculations for the trading services	36
Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	36
Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source	39
Table 23 MBRR Table A6 - Budgeted Financial Position	42
Table 24 MBRR Table A7 - Budgeted Cash Flow Statement	Error! Bookmark not defined.
Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	45
Table 26 MBRR Table A9 - Asset Management.....	46
Table 27 MBRR Table A10 - Basic Service Delivery Measurement	49
Table 28 IDP Strategic Objectives	56
Table 29 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	59
Table 30 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure	60
Table 31 MBRR Table SA7 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure	61
Table 32 MBRR Table SA7 - Measurable performance objectives	65
Table 33 MBRR Table SA8 - Performance indicators and benchmarks.....	66
Table 34 Credit rating outlook	Error! Bookmark not defined.
Table 35 Breakdown of the operating revenue over the medium-term	Error! Bookmark not defined.
Table 36 Proposed tariff increases over the medium-term	Error! Bookmark not defined.
Table 37 MBRR SA15 – Detail Investment Information	76
Table 38 MBRR SA16 – Investment particulars by maturity	77
Table 39 Sources of capital revenue over the MTREF	77
Table 40 MBRR Table SA 17 - Detail of borrowings	78
Table 41 MBRR Table SA 18 - Capital transfers and grant receipts	81
Table 42 MBRR Table A7 - Budget	

cash flow statement	82	Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	83	Table 44 MBRR SA10 – Funding compliance measurement	85	Table 45 MBRR SA19 - Expenditure on transfers and grant programmes	90
Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	91						
							Page
Table 47 MBRR SA22 - Summary of councillor and staff benefits	92						
Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)							
93 Table 49 MBRR SA24 – Summary of personnel numbers	94	Table 50 MBRR SA25 - Budgeted monthly revenue and expenditure	96	Table 51 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)	97	Table 52 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)	98
						Table 53 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	99
						Table 54 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	100
						Table 55 MBRR SA30 - Budgeted monthly cash flow	101
						Table 56 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure	Error! Bookmark not defined.
						Table 57 Water Services Department – Performance objectives and indicators	Error! Bookmark not defined.
Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class	103						
Table 59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class	105						
Table 60 MBRR SA34c - Repairs and maintenance expenditure by asset class	107						
Table 61 MBRR SA35 - Future financial implications of the capital budget	114						
Table 62 MBRR SA34e - Capital expenditure on the upgrading of existing assets by asset class.....	111						
Table 63 MBRR SA36 - Detailed capital budget per municipal vote	115						
Table 64 MBRR SA37 - Projects delayed from previous financial year	115						
Table 65 MBRR Table SA1 - Supporting detail to budgeted financial performance	100						
Table 66 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)							Error! Bookmark not defined.
Table 67 MBRR Table SA3 – Supporting detail to Statement of Financial Position	1223	Table 68 MBRR Table SA9 – Social, economic and demographic statistics and assumptions	1234	Table 69 MBRR SA32 – List of external mechanisms	125		

List of Figures

Figure 1 Main operational expenditure categories for the 2019/2020 financial year	25
Figure 2 Capital Infrastructure Programme	31
Figure 3 Expenditure by major type	38

Figure 4 Planning, budgeting and reporting cycle	62
Figure 5 Definition of performance information concepts	64
Figure 6 Breakdown of operating revenue over the 2019/20 MTREF	74
Figure 7 Sources of capital revenue for the 2019/20 financial year	78
Figure 8 Growth in outstanding borrowing (long-term liabilities)	80

Abbreviations and Acronyms

Abbreviations and Acronyms		kWh	kilowatt
AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
		MEC	Member of the Executive Committee
BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CBD	Central Business District	MIG	Municipal Infrastructure Grant
CFO	Chief Financial Officer	MMC	Member of Mayoral Committee
CM	Municipality Manager	MPRA	Municipal Properties Rates Act
CPI	Consumer Price Index	MSA	Municipal Systems Act
CRRF	Capital Replacement Reserve Fund	MTEF	Medium-term Expenditure Framework
DBSA	Development Bank of South Africa	MTREF	Medium-term Revenue and Expenditure Framework
DoRA	Division of Revenue Act	NERSA	National Electricity Regulator South Africa
DWA	Department of Water Affairs	NGO	Non-Governmental organisations
EE	Employment Equity	NKPIs	National Key Performance Indicators
EEDSM	Energy Efficiency Demand Side Management	OHS	Occupational Health and Safety
EM	Executive Mayor	OP	Operational Plan
FBS	Free basic services	PBO	Public Benefit Organisations
GAMAP	Generally Accepted Municipal Accounting Practice	PHC	Provincial Health Care
		PMS	Performance Management System
GDP	Gross domestic product	PPE	Property Plant and Equipment
GDS	Gauteng Growth and Development Strategy	PPP	Public Private Partnership
GFS	Government Financial Statistics	PTIS	Public Transport Infrastructure System
GRAP	General Recognised Accounting Practice	RG	Restructuring Grant
HR	Human Resources	RSC	Regional Services Council
HSRC	Human Science Research Council	SALGA	South African Local Government Association
IDP	Integrated Development Strategy	SAPS	South African Police Service
IT	Information Technology	SDBIP	Service Delivery Budget Implementation Plan
kℓ	kilolitre	SMME	Small Micro and Medium Enterprises
km	kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		

Part 1 – Annual Budget

1.1 Mayor's Report: Foreword by the Mayor

The Municipal Systems Act (32 of 2000) compels all municipal Councils to develop and adopt a Five-year Integrated Development Plan (IDP) which has to be reviewed annually. The Umsobomvu Municipality's Integrated Development Plan for the period 2017 – 2022 aims to create a platform to inform decision making, create an environment for economic development and building social cohesion to fulfil our constitutional mandate. This IDP outlines the programmes

and development commitments that will be delivered during the term of this current Council. The process also had challenges that we need to take cognizance of which was the Local Government Election in August 2016 that brought a new administration who needed to go through an induction programme and also the establishment of ward committees that was finalized in January 2017.

In order to achieve the vision and mission of our Municipality we went out and engaged our local communities through public participation by means of ward councillors, ward committees, community outreach programmes and IDP Representative Forum.

Umsobomvu Municipality also run a project in conjunction with the Office of the Premier, the Department of Planning, Monitoring and Evaluation (DPME) that applies the citizen-based monitoring model to enhance participation of community members in the IDP process, to improve cooperation with provincial sector departments and enable ward level monitoring of delivery against the plan. Ward councillors, ward committee members, Community Works Programme (CWP) participants and community development workers (CDW) were part of a survey that took place in wards from 13 – 17 February 2017 where a total number of 6 234 community members participated.

This IDP created a channel for communities to express their desires and for the Municipality to respond in a manner subject to the available resources and alignment with policies and programmes across the spheres of government.

Through this process we need to address unemployment, the high levels of poverty and inequality by ensuring service delivery, local economic development, financial viability, good governance and public participation.

Let us continue to protect the environment and use land effectively as we better the quality of the lives of our people and ensure that Umsobomvu Municipality remain economically viable and sustainable to achieve a better life for all.

“A Developmental Municipality in South Africa”

M.S. TOTO

MAYOR

OVERVIEW OF THE 2019/2020 BUDGET

This council is legally obligated to table the final Capital and Operating Budget for 2019/20 – 2021/22 in terms of the MFMA. The MFMA states that an annual budget may only be funded from realistically anticipated revenues to be collected; cash backed accumulated funds from previous years' surpluses not committed for other purposes; and borrowed funds. Honourable Councillors this has been done within the final budget.

Operating Budget

The estimated operating expenditure budget for the 2019/2020 financial year is R174 648 961,00. The Employee Costs (Salaries and allowances) comprises 33% of the total operational expenditure.

The estimated revenue budget for the 2019/2020 financial year is R 154 602 433.00

Capital Budget

The capital budget for 2019/2020 is an amount of R 41 235 950.00. This comprises mainly of Sewerage project funded from Municipal Infrastructure Grant, electrification project funded from the Integrated National Electrification Programme Grant from Department of Energy, the water project funded from the Water Subsidy Infrastructure Grant from the Department of Water Affairs and other projects that are funded from internally generated funds.

The following funded projects were identified from the IDP and are captured in the capital budget:

CAPITAL BUDGET 2018 - 2019						
Department	Project description	Source	Ward	2019/20	2020/21	2021/22
Technical Services	Noupoort Electrical Network	INEP	1	R 10 000 000.00	R 1 920 000.00	R 2 026 000.00
Technical Services	Upgrading of VIP and Bucket System	WSIG	5 & 6	R 16 320 000.00	R 18 000 000.00	R 21 000 000.00
Technical Services	Upgrading Roads Ngqandu and Madikane Streets	MIG	3	R -	R 11 286 950.00	R 11 822 750.00
Community and Social Services	Noupoort Cemeteries	OWN	2	R 640 000.00	R -	R -
Community and Social Services	New Bakkie - Property Services	OWN	All	R 210 000.00	R -	R -
Community and Social Services	New Vehicle - Library	OWN	All	R 200 000.00	R -	R -
Corporate Services	Computer with Programmes	OWN	All	R 8 000.00	R -	R -
Corporate Services	New Laptop	OWN	All	R 10 000.00	R -	R -
Corporate Services	Welding Machine	OWN	All	R 20 000.00	R -	R -
Corporate Services	CCV Cameras and other materials	OWN	All	R 150 000.00	R -	R -
Sport and Recreation	Sports Grounds Maintenance Machines	OWN	All	R 50 000.00	R -	R -
Finance	New Financial System	OWN	All	R 1 595 000.00	R -	R -
Technical Services	Upgradeing of Nerina Street to Concrete Block Paving	EPWP	3	R 1 117 000.00	R -	R -
Technical Services	VD Waltfontein Water Pipeline	MIG	3	R 9 415 500.00	R -	R -
Technical Services	New Ouboks Arterial Road	MIG	4	R 1 500 000.00	R -	R -
				R 41 235 500.00	R 31 206 950.00	R 34 848 750.00

The following service charges will be increased as from 1 July 2019 to ensure sustainable service delivery to the community:

Electricity Tariffs

Application was submitted to NERSA for an average increase of 13.07%. The approval by NERSA is still awaiting.

WATER TARIFFS

- The water tariffs are increased by 6% which are fully cost-reflective
- The tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

SANITATION TARIFFS

Tariff increase of 6% is proposed to recover the cost for the running and maintenance cost and to ensure the sustainable running of the Waste Water Treatment Works.

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that sustainable municipal services are provided economically and equitably to all communities.

I thank you.

Cllr. M.S. Toto

MAYOR

1.2 Council Resolutions

On the 31st May 2019 the Council of Umsobomvu Municipality Local Municipality met in the Council Chambers of Umsobomvu Municipality to consider the annual budget of the municipality for the financial year 2019/2020. The Council adopted the following resolutions:

1. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2019/2020 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18 on page 24;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19 on page 26;
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21 on page 28; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22 on page 30.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table 23 on page 32;
 - 1.2.2. Budgeted Cash Flows as contained in Table 24 on page 34;

- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 25 on page 34;
 - 1.2.4. Asset management as contained in Table 26 on page 36; and
 - 1.2.5. Basic service delivery measurement as contained in Table 27 on page 38.
2. The Council of Umsobomvu Municipality Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts with effect from 1 July 2019
 - 2.1. the tariffs for property rates – as set out in Annexure B,
 - 2.2. the tariffs for electricity – as set out in Annexure B
 - 2.3. the tariffs for the supply of water – as set out in Annexure B
 - 2.4. the tariffs for sanitation services – as set out in Annexure B
 - 2.5. the tariffs for solid waste services – as set out in Annexure B
3. The Council of Umsobomvu Municipality Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) adopts with effect from 1 July 2019 the tariffs for other services, as set out in Annexure G1 to G21 respectively.
4. To give proper effect to the municipality's annual budget, the Council of Umsobomvu Municipality Local Municipality approves:
 - 4.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.
5. The Council of Umsobomvu Municipality, adopts the service level standards which form part of the 2019/20 tabled MTREF budget documentation as set out in Annexure F.
6. The Council of Umsobomvu Municipality, approves the schedule of procurement plan in respect of advertised competitive bids (in excess of R200, 000) as set out in Annexure G.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to highpriority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 90 and 91 were used to guide the compilation of the 2018/2019 MTREF.

The main challenges experienced during the compilation of the 2019/2020 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2018/2019 MTREF process; and
- Availability of affordable capital/borrowing.
- Generating funds to acquire a financial system that is SCOA compliant, this has been an enormous challenge as this system comes with a hefty price over a period of three years.
- Informing the community of the intent to roll-out prepaid water meters, which help increase revenue collection and mitigate huge consumption by indigents and those who cannot afford to do so.

The following budget principles and guidelines directly informed the compilation of the 2019/2020 MTREF:

- The 2018/19 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/2019 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2019/20 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2018/19 MTREF

Table 1 Consolidated Overview of the 2019/2020 MTREF				
R Thousand	Adjustment Budget 2018/2019	Budget Year 2019/2020	Budget Year + 1 2010/2021	Budget Year + 2 2021/2022

Total operating Revenue	141 919 408	154 602 433	164 699 050	175 673 423
Total Operating Expenditure	158 882 918	174 648 961	178 309 318	181 031 952
(Surplus) Deficit	- 16 963 510	- 20 046 528	- 13 610 268	- 5 358 529
Total Capital Expenditure	29 361 600	38 352 500	31 206 950	34 848 750

Total operating revenue has increased by 8.94 per cent for the 2019/2020 financial year when compared to the 2018/2019 Adjustments Budget. For the two outer years, operational revenue will increase by 6.53 and 6.66 per cent respectively, equating to a total revenue growth of R 33, 754 million over the MTREF when compared to the 2018/19 financial year.

Total operating expenditure for the 2019/2020 financial year has been appropriated at R174,648,961.00 and translates into a budgeted deficit of R 20,046,528.00. When compared to the 2018/19 Adjustments Budget, operational expenditure has increased by 9.92 per cent in the 2019/2020 budget and increased by 2.10 and 1.53 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years decreases to R13,610,268.00 in 2020/21 and R 5,358,529.00 in 2021/22.

The capital budget of R 38,352,500 for 2019/2020 is 30.62 per cent more when compared to the 2018/19 Adjustment Budget. The increase is mostly as a result of the increase in the allocation received from DORA. The capital programme decreases to R 31,206,950.00 in the 2020/2021 financial year and then increases to R 34,848,750.00 in the 2021/2022 financial year. All capital over the MTREF will be financed by Grants from National and own revenue.

Note that the Municipality finished paying for its borrowed capital funding. The repayment of capital and interest (debt services costs) came to an end during the 2018/19 financial year. The loan was taken about five years back as a result of the need to replace specialised vehicles needed to meet the increased demand in services to be delivered. Consequently, the capital budget remains relatively flat over the medium-term.

1.4 Operating Revenue Framework

For Umsobomvu Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 72 per cent annual collection rate for property rates and other key service charges;

- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and • Tariff policies of the Municipality.

The following table is a summary of the 2019/2020 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1										
Revenue By Source											
Property rates		8		9	10	11	11	11	11 726	12 430	13 176
Service charges - electricity revenue		144		855	33	33	33	33	38 254	40 807	43 660
Service charges - water revenue		27 911	8 591	31 796	818	773	773	773	14 108	14 855	15 661
Service charges - sanitation revenue		3 220	26 973	986	617	468	468	468	8 956	9 561	10 207
Service charges - refuse revenue		8	5 898	8 600	8 968	8 387	8 387	8 387	6 343	6 573	6 936
Rental of facilities and equipment		2	393	6	6	6	6	6	351	371	391
Interest earned - external investments		450	7 044	235	461	142	142	142	570	570	570
Interest earned - outstanding debtors		759	357	276	291	333	333	333	3 345	3 554	3 776
Dividends received		538	2 513	532	560	560	560	560	8 134	8 543	8 543
Fines, penalties and forfeits		2 169	314	2 926	3 105	3 105	3 105	3 105	2 644	2 777	2 916
Licences and permits		-	-	6	7	7	7	7	359	377	396
Agency services		889	-	963	312	372	372	372	53 501	57 815	62 449
Transfers and subsidies		-	33 232	396	516	517	517	517	6 701	6 876	6 992
Other revenue		-	-	2	2	2	2	2			
Gains on disposal of PPE		32 302	45 088	49 275	48 275	48 275	48 275	48 275			
Total Revenue (excluding capital transfers and contributions)		102 795	102 193	133 568	141 330	141 919	141 919	141 919	154 602	164 699	175 673
Expenditure By Type											
Employee related costs		37		48	53	54	54	54	57 790	61 244	64 908
Remuneration of councillors		333	38 985	382	560	350	350	350	4 398	4 662	4 942
Debt impairment		3	3 429	3	4	4	4	4	11 388	11 388	11 388
Depreciation & asset impairment		095	11 389	859	130	130	130	130	31 139	29 504	23 622
Finance charges		31		11	11	11	11	11			
Bulk purchases		681		388	388	388	388	388			
Other materials		28	27 823	25	25	25	25	25			
Contracted services		120		827	827	827	827	827			
Transfers and subsidies		1	1 982								
Other expenditure		814		119							
Loss on disposal of PPE		21	22 917	20	21	23	23	23	27 891	28 703	30 842
		065		828	948	300	300	300			
		-	-	1	1	1	1	1	1 274	1 364	1 459
			23 012	-	-	-	-	38	-	-	-
				38 749	37 797	38 678	38 678	678	40 750	41 425	43 851

		– 21 596								
		3	1 107							
		251		20	20	20	20	20	20	20
Total Expenditure		147 957	130 644	150 296	155 861	883	158 883	158 883	174 649	178 309
Surplus/(Deficit)										
Transfers and subsidies - capital		(45 162)	(28 451)	(16 728)	(13 530)	(16 964)	(16 964)	(16 964)	(20 047)	(13 610)
(monetary allocations)		60 044	27 100	28 857	23 781	29 362	29 362	29 362	38 353	31 207
(National / Provincial and District)										
Transfers and subsidies - capital		–	–	–	–	–	–	–	–	–
(monetary allocations)										
(National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher		14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions										
Taxation		14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597
Surplus/(Deficit) after taxation										
Attributable to minorities										
Surplus/(Deficit) attributable to municipality										
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than half of the total revenue mix. In the 2018/19 financial year, revenue from rates and services charges

totalled R 72,833 million or 51.32 per cent. This increases to R 79,388 million in 2019/20 and increase to R 84,225 million and R 89,639 million in the respective financial years of the MTREF. The above table includes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1 (see page 100 & 101).

Property rates revenue source from services totalling 14.77 per cent or R 11,726 million rand in 2019/20. The smallest source is 'rental of facilities and equipment' which consists of various items such as income received from hall rentals, rental of machinery, rental of municipal residence and rental of sports grounds. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 53,501 million in the 2019/2020 financial year and steadily increases to R 62,449 million by 2021/22. Note that the year-on-year increase for the 2019/20 financial year is 10.82 per cent and then increases by 8.06 and 8.02 per cent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants		37	38	43	47	46	46	52	56	60
National Government:		803	483	409	796	796	796	022	167	801
Local Government Equitable Share		34	36	39	44	44	44	49	53	58
931		658	760	259	259	259	259	477	603	209
Finance Management		1	1	1	1	1	1	1	1	1
932		825	900	970	970	970	970	970	970	970
MIG ADMIN - PMU			749	567	567	567	567			
EPWP Incentive			1 000	1 000				575	594	622
Municipal Systems Improvement										
940										
Integrated National Electrification Programme										
Other transfers/grants [insert description]										
Provincial Government:		1	1	1	1	1	1	1	1	1
542		900	679	479	479	479	479	479	648	648

Sport and Recreation		1	1	1	1	1	1	1	1	1
542		900		679	479	479	479	479	648	648
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	39 345	40 383	45 088	49 275	48 275	48 275	53 501	57 815	62 449
Capital Transfers and Grants										
National Government:		59 338	25 375	28 857	23 781	29 362	29 362	38 353	31 207	34 849
Municipal Infrastructure Grant (MIG)		13 237	10 989	18 222	10 781	10 781	10 781	10 916	11 287	11 823
Integrated National Electrification Programme		1 184	38	6 635	3 000	3 836	3 836	10 000	1 920	2 026
Water Services Operating Subsidy		3	6	000	4	10 000	10 000	16	18 000	21 000
Electricity Efficiency Demand Grant		242	554			3	3	320		
Regional Bulk Infrastructure EPWP Incentive		39 547	6			745	745			
		2 128	840			1	1	1		
			954			000	000			
								117		
Provincial Government:		-	1 568	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]			1 568							
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		706	158	-	-	-	-	-	-	-
[insert description]		449	158							
		257								
Total Capital Transfers and Grants	5	60 044	27 100	28 857	23 781	29 362	29 362	38 353	31 207	34 849
TOTAL RECEIPTS OF TRANSFERS & GRANTS		99 389	67 483	73 944	73 056	77 637	77 637	91 853	89 022	97 298

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of nonpayment.

The percentage increases of Eskom bulk tariffs are in line with the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 20 per cent rebate will be granted on all state owned properties
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 per cent (calculated on a sliding scale) will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed the

amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2019/2020 financial year based on a 6 per cent increase from 1 July 2019 is contained below:

Table 5 Comparison of Proposed rates to be levied for 2018/2019 financial year

Table 5 Comparison of Proposed Rates			
	Category	Current Tariff (1 July 2018)	Proposed Tariff (From 1 July 2019)
	Residential Properties	0.0127	0.0135
	State Owned Properties	0.0150	0.0217
	Business & Commercial	0.0150	0.0159
	Agricultural	0.0032	0.0034

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;

- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition, National Treasury had urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

A tariff increase of 6 per cent from 1 July 2019 for water is proposed. This is based on input cost of inputs increasing by 6 per cent and the commissioning of the extended water treatment works. In addition, 6 kℓ water per 30-day period will again be granted at a subsidized price to all indigent residents.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 6 Proposed Water Tariffs

Category	Current Tariffs 2018/19 Rand per kl	Proposed Tariffs 2019/20 Rand per kl	Percentage Change
Residential			
(i) 0 to 6 kl per 30-day period	5.6	5.94	6%
(ii) 7 to 20 kl per 30-day period	6.77	7.18	6%
(iii) 21- 30kl per 20-day period	8.7	9.22	6%
(iv) 30+	11.48	12.17	6%
	7.77	8.24	
Non Residential			
(i) 0-60kl per 30-day period			6%
(ii) 61kl per 30-day period	10.43	11.06	6%

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Table 7 Comparison between current water charges and increases (Domestic)

Table 7 Comparison Between Current Water Charges and Increases (Domestic)				
Monthly Consumption	Current Amount Payable	Proposed Amount Payable	Difference (Increase)	Percentage Change
Kl	R	R	R	%
20	R 142.39	R 150.93	R 8.54	6%
30	R 237.56	R 251.28	R 13.72	6%
40	R 371.05	R 393.31	R 22.26	6%

The tariff structure of the 2018/2019 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R 11.06 per kilolitre for consumption in excess of 30kl per 30-day period.

1.4.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 13.07 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2019.

Considering the Eskom increases, the consumer tariff had to be increased by 6.88 per cent to offset the additional bulk purchase cost from 1 July 2019. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity.

Registered indigents will again be granted 50 kWh per 30-day period being subsidised through the equitable share.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

Table 8 Comparison between current electricity charges and increases (Domestic)

Table 8 Comparison Between Current Electricity Charges And Increases (Domestic)					
	Monthly	Current	Proposed	Difference	Percentage

Consumption Kwh	Amount Payable R	Amount Payable R	Increase R	Change %
100	R 123.93	R 140.13	R 16.20	13.07%
250	R 329.30	R 372.34	R 43.04	13.07%
500	R 745.78	R 843.25	R 97.47	13.07%
750	R 1 268.39	R 1 434.17	R 165.78	13.07%
1000	R 1 818.29	R 2 055.94	R 237.65	13.07%
2000	R 4 019.20	R 4 544.51	R 525.31	13.07%

It should further be noted that NERSA had advised that a stepped tariff structure needed to be implemented as from 1 July 2011. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the Municipality already. Until the discussions are concluded, the Municipality will maintain the current stepped structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25-year life expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2019/2020 and 2021/2022 medium-term capital programme, funding has been allocated to electricity infrastructure to decrease expenditure through alternative energy and consumption reducing equipment.

Sanitation and Impact of Tariff Increases

A tariff increase of 6 per cent for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contribute approximately 20 per cent of waste water treatment input costs, therefore the higher than CPI

increase of 6 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

- Sanitation charges are calculated according to the type of consumer and the level of service provided as indicated in the table below;
 - Subsidised sanitation will be applicable to registered indigents; and
 - The commissioning of the new sludge activated Waste Water Treatment works compared to the previous oxidation pond system
- The total revenue expected to be generated from rendering this service amounts to R 8,956 million for the 2019/2020 financial year.

The following table compares the current and proposed tariffs:

Table 9 Comparison between current sanitation charges and increases

<u>Table 9 Comparison Between Current Sanitation Charges And Increases</u>				
Description	Current Year 2018/2019	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2019/20	Budget Year + 1 2020/21	Budget Year + 2 2021/22
Waste Water Tariffs				
Basic Charge/Fixed Fee (Rands/Month)	117.00	124.02	131.46	139.35
Service Point-Vacant Land (Rand/Month)	67.53	71.58	75.87	80.43
Conservancy Tank Household (1 Service per Month)	87.63	92.89	98.46	104.37
Conservancy Tank Household (Additional Service per Month) : Payable in Advance	92.89	98.46	104.37	110.63
Conservancy Tank Schools per Load	128.47	136.18	144.35	153.01
Conservancy Tank Businesses per Load With Minimum of 1 Load per Month	128.47	136.18	144.35	153.01
Night soil Removal (Per Bucket per Month)	63.73	67.55	71.61	75.90

Night Soil Rondawel (Per Bucket per Month)	44.94	47.64	50.50	53.53
Meatlands Industrial Effluent per Month	-	-	-	-
Meatlands Sewerage Same As Business Tariffs	-	-	-	-
Meatlands Dumping Charges Of Blood And Dung per Month	1 001.48	1 061.57	1 125.26	1 192.78
Sewerage Household/Colesberg High School/ per Month	117.00	124.02	131.46	139.35
Sewerage Prison per Point per Month	393.45	417.06	442.08	468.61
Sewerage Garages and State per Point per Month	236.79	251.00	266.06	282.02
Sewerage Hospital per Point per Month	421.01	446.27	473.05	501.43
Sewerage Business Normal	151.66	160.76	170.41	180.63
Sewerage Business With Minimum of 2 Points per Month	234.01	248.05	262.94	278.71
Sewerage Business Additional Connection	56.33	59.71	63.29	67.09
Sewerage Availability per Month	67.53	71.58	75.87	80.43
Meatlands per Sheep (Effluent)	0.97	1.03	1.09	1.16

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 10 Comparison between current sanitation charges and increases

Table 10 Comparison Between Current Sanitation Charges and Increases,			Single Dwelling Houses
Monthly Sanitation Level of Service	Current Amount Payable	Proposed Amount Payable	Difference (11% Increase)

	R	R	%
Domestic - Conservancy tanks	87.63	92.89	6%
Domestic - Connected	117	124.02	6%

1.4.4 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is operating at a small surplus. The main contributors to expenditure are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A 6 per cent increase in the waste removal tariff is proposed from 1 July 2019. Higher increases will not be viable in 2019/2020 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2019:

Table 11 Comparison between current waste removal fees and increases (Domestic)

Table 11 Comparison Between Current Waste Removal Fees and Increases (Domestic)						
	Current Tariffs 2018/2019		Proposed Tariffs 2019/2020		Difference (Increase) R	% Increase
	Waste Removal	Municipal Cleaning	Waste Removal	Municipal Cleaning		
Domestic- Monthly	81.93		R 86.85		R 4.92	6%
Additional Bin Per Month	27.91		29.59		R 1.68	6%
Business	117.97		125.05		R 7.08	6%
Garden Refuse Households	8.25		8.75		R 0.50	6%

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 6 and 7 per cent and 7 per cent for indigents.

Table 12 MBRR Table SA14 – Household bills

NC072 Umsobomvu - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		608.58	632.92	670.90	711.15	711.15	711.15	6.0%	753.82	799.05	846.99
Electricity: Basic levy		72.05	77.09	83.95	90.10	90.10	90.10	6.0%	95.50	101.23	107.30
Electricity: Consumption		1	1	1	1	1	1		1	1	1
Water: Basic levy		388.91	486.13	514.07	624.90	624.90	624.90	6.0%	722.39	825.74	935.28
Water: Consumption											
Sanitation		67.43	71.48	75.77	80.31	80.31	80.31	6.0%	85.13	90.24	95.66
Refuse removal			192.23	203.76	215.99	215.99	215.99		228.95	242.69	257.25
Other		181.35						6.0%			
sub-total											
VAT on Services		98.24	104.13	110.38	117.00	117.00	117.00	6.0%	124.02	131.46	139.35
Total large household bill:		68.79	72.92	77.30	81.93	81.93	81.93	6.0%	86.85	92.06	97.58
% increase/-decrease		2	2	2	2	2	2	6.0%	3	3	3
		485.35	636.90	736.12	921.38	921.38	921.38	6.0%	096.66	282.46	479.41
		2	2	2	2	2	2	6.0%	3	3	3
		485.35	636.90	736.12	921.38	921.38	921.38	6.0%	096.66	282.46	479.41
			6.1%	3.8%	6.8%	-	-		6.0%	6.0%	6.0%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		426.92	444.00	470.64	498.88	498.88	498.88	6.0%	528.81	560.54	594.17
Electricity: Basic levy		72.05	77.09	83.95	90.10	90.10	90.10	6.0%	95.50	101.23	107.30
Electricity: Consumption											
Water: Basic levy		582.30	623.06	634.77	681.24	681.24	681.24	6.0%	722.11	765.44	811.36
Water: Consumption											
Sanitation		67.43	71.48	75.77	80.31	80.31	80.31	6.0%	85.13	90.24	95.66
Refuse removal Other											
sub-total											
VAT on Services		144.53	153.20	162.39	172.14	172.14	172.14	6.0%	182.46	193.41	205.02
Total small household bill:		98.24	104.13	110.38	117.00	117.00	117.00	6.0%	124.02	131.46	139.35
% increase/-decrease		68.79	72.92	77.30	81.93	81.93	81.93	6.0%	86.85	92.06	97.58
		1	1	1	1	1	1	6.0%	1	1	2
		460.26	545.88	615.19	721.59	721.59	721.59	6.0%	824.89	934.38	050.44
		1	1	1	1	1	1	6.0%	1	1	2
		460.26	545.88	615.19	721.59	721.59	721.59	6.0%	824.89	934.38	050.44
			5.9%	4.5%	6.6%	-	-		6.0%	6.0%	6.0%
Monthly Account for Household - 'Indigent'	3			0.24	0.47	1.00	-				

Household receiving free basic services	245.25	255.06	270.36	286.59	286.59	286.59	6.0%	303.78	322.01	341.33
Rates and services charges:	72.05	77.09	83.95	90.10	90.10	90.10	6.0%	95.50	101.23	107.30
Property rates	371.92	397.95	405.43	435.11	435.11	435.11	6.0%	461.21	488.89	518.22
Electricity: Basic levy	67.43	71.48	75.77	80.31	80.31	80.31	6.0%	85.13	90.24	95.66
Electricity: Consumption	107.87	114.34	121.20	128.47	128.47	128.47	6.0%	136.18	144.35	153.01
Water: Basic levy	98.24	104.13	110.38	117.00	117.00	117.00	6.0%	124.02	131.46	139.35
Water: Consumption	68.79	72.92	77.30	81.93	81.93	81.93	6.0%	86.85	92.06	97.58
Sanitation										
Refuse removal										
Other										
sub-total										
VAT on Services										
Total small household bill:	1	1	1	1	1	1	6.0%	1	1	1
% increase/-decrease	031.55	092.97	144.39	219.51	219.51	219.51	6.0%	292.68	370.24	452.45
	1	1	1	1	1	1	6.0%	1	1	1
	031.55	092.97	144.39	219.51	219.51	219.51	6.0%	292.68	370.24	452.45
		6.0%	4.7%	6.6%				6.0%	6.0%	6.0%

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2019/20 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019/2020 budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification

Table 13 Summary of Operating Expenditure by Standard Classification Item							
Expenditure by type	Current year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Original	Adjusted	Full year	Budget year	% Increase	Budget year +1	Budget year +2
	Budget	Budget	Forecast	2019/2020	(Decrease)	2020/2021	2021/2022
Employee Related Costs	53 559 816.00	54 349 503.00	54 349 503.00	57 789 525.00	6.33%	61 244 060.00	64 908 011.00
Remuneration of Councillors	4 129 563.00	4 129 563.00	4 129 563.00	4 397 986.00	6.50%	4 661 865.00	4 941 577.00

Debt Impaired	11 387 767.00	11 387 767.00	11 387 767.00	11 387 766.00	0.00%	11 387 766.00	11 387 766.00
Depreciation & Asset Impairment	25 827 264.00	25 827 264.00	25 827 264.00	31 138 647.00	20.57%	29 504 291.00	23 621 849.00
Finance Charges	-	-	-	-	-	-	-
Bulk Purchases	21 948 017.00	23 300 000.00	23 300 000.00	27 890 750.00	19.70%	28 703 103.00	30 842 320.00
Other Materials	-	-	-	-	-	-	-
Contacted Services	1 191 016.00	1 191 016.00	1 191 016.00	1 274 387.00	7.00%	1 363 594.00	1 459 046.00
Transfers and Grants	-	-	-	-	-	-	-
Other Expenditure	37 797 354.00	38 677 804.00	38 677 804.00	40 749 900.00	5.36%	41 424 639.00	43 851 383.00
Loss on Disposable PPE	20 000.00	20 000.00	20 000.00	20 000.00	0.00%	20 000.00	20 000.00
Total Expenditure	155 860 797.00	158 882 917.00	158 882 917.00	174 648 961.00	9.92%	178 309 318.00	181 031 952.00

The budgeted allocation for employee related costs for the 2019/2020 financial year totals R57,790 million, which equals 33.09 per cent of the total operating expenditure. In relation to the collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5 per cent for the 2019/2020 financial year. An annual increase of 7 per cent and 7 per cent has been included in the two outer years of the MTREF. As part of the Municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. In addition, expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 77 per cent and the Debt Write-off Policy of the Municipality. For the 2019/2020 financial year this amount equates to R 11,388 million and remains the same throughout the MTREF financial years. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from DWAF. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and

maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. In 2019/2020 it has increased by 5.36 per cent and increases by 1.66 percent in 2020/21 and increases by 5.86 percent in 2021/22.

The following table gives a breakdown of the main expenditure categories for the 2019/2020 financial year.

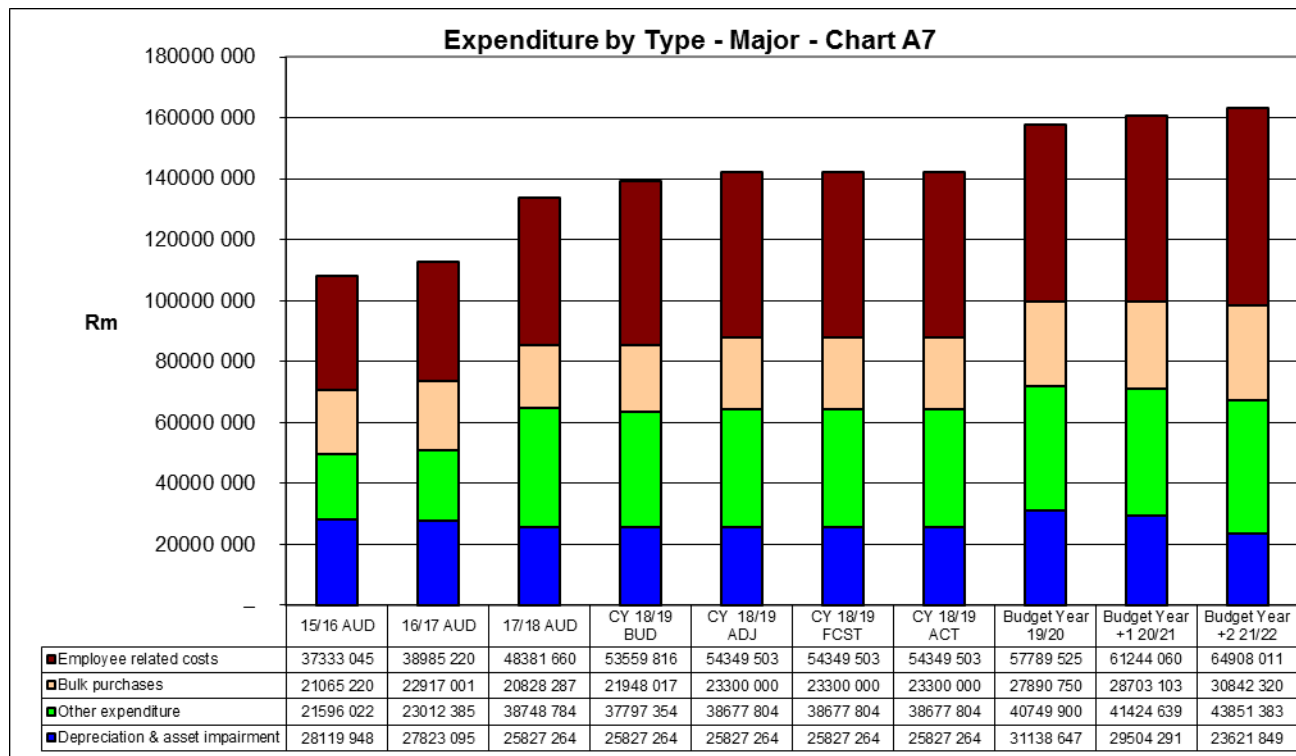


Figure 1 Main operational expenditure categories for the 2018/2019 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2019/2020 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2019/2020 MTREF operational repairs and maintenance was slightly increased owing to the fact that some of the Municipality's infrastructure has been upgraded and some vehicles are still relatively new. The total allocation for 2019/2020 equates to R4.719 million, an increase of 21.78 per cent in relation to the Adjustment Budget and is increased further by 3.03 and 1.03 in 2020/2021 and 2021/2022 respectively. In relation to the total operating

expenditure, repairs and maintenance comprises of 2.7 per cent in each of the respective financial years of the MTREF. This is mainly due to bulk electricity purchases that continually exceed growth in other expenditure items.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 15 Repairs and maintenance per asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Repairs and maintenance expenditure by Asset Class/Sub-class	1									
Infrastructure		1 355	1 657	3 001	1 409	1 593	1 593	1 880	1 915	1 915
Roads Infrastructure		433	300	1 390	388	482	482	530	535	535
Roads		433	300	1 390	388	482	482	530	535	535
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance										
Attenuation										
Electrical Infrastructure										
Power Plants		548	795	1 061	721	761	761	900	930	930
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks		548	716	811	571	611	611	750	780	780
Capital Spares										
Water Supply Infrastructure										
Dams and Weirs		-	79	250	150	150	150	150	150	150
Boreholes		172	541	500	250	300	300	350	350	350
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure										
Pump Station										
Reticulation		172	541	500	250	300	300	350	350	350
Waste Water Treatment Works		203	21	50	50	50	50	100	100	100
Outfall Sewers		203	21	50	50	50	50	100	100	100
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection		-	-	-	-	-	-	-	-	-

Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure									
Sand Pumps									
Piers									
Revetments									
Promenades									
Capital Spares	-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure									
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares	-	-	-	-	-	-	-	-	-

Community Assets	5	2	5	5	5	5	5	5	5
Community Facilities	5	2	5	5	5	5	5	5	5
Halls	5	2	5	5	5	5	5	5	5
Centres									
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries									
Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities Capital Spares	1	1	1	1	1	1	1	1	1
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings Works of Art									
Conservation Areas Other Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating									
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property									
Other assets									
Operational Buildings									
Municipal Offices	371	101	252	295	295	295	388	408	438
	371	101	252	295	295	295	388	408	438
	371	101	249	292	292	292	380	400	430
Pay/Enquiry Points			3	3	3	3	8	8	8
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares Housing	-	-	-	-	-	-	-	-	-

Staff Housing									
Social Housing Capital									
Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets									
Servitudes									
Licences and Rights Water	-	-	-	-	-	-	-	-	-
Rights									
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications	-	-	-	-	-	-	-	-	-
Load Settlement Software Applications									
Unspecified									
Computer Equipment									
Computer Equipment									
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
	1	20	40	37	37	37	98	98	103
Furniture and Office Equipment	1	20	40	37	37	37	98	98	103
Machinery and Equipment	104	159	503	333	333	333	410	415	415
Machinery and Equipment	104	159	503	333	333	333	410	415	415
Transport Assets	1 079	1 172	1 352	1 242	1 612	1 612	1 938	2 021	2 036
Transport Assets	1 079	1 172	1 352	1 242	1 612	1 612	1 938	2 021	2 036
Land	-	-	-	-	-	-	-	-	-
Land									
Zoo's, Marine and Non-biological Animals									
	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals									
Total Repairs and Maintenance Expenditure	1	2 916	3 111	5 151	3 320	3 875	3 875	4 719	4 862
								4 862	4 912

For the 2019/2020 financial year, 39.84 per cent or R1.880 million of total repairs and maintenance will be spent on infrastructure assets. Electricity infrastructure has received a significant proportion of this allocation totalling 47.87 per cent (R.900 million), followed by roads infrastructure at 28.19 per cent (R.530 million), water at 18.62 per cent (R.350 million) and sanitation at 5.32 per cent (R.100 million). Community assets have been allocated 0.27 per cent of total repairs and maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 1735 or more indigent households during the 2019/2020 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on page 30.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 16 2018/19 Medium-term capital budget per vote

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote	2										
Multi-year expenditure to be appropriated											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	1	1	1	1	1	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	485	485	485	485	595	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	10	248	248	248	38	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	781	15 526	15 526	15 526	353	31 207	34 849
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	12	17	17	17	39	31	34
Single-year expenditure to be appropriated											
Vote 1 - EXECUTIVE & COUNCIL	20	2	3	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN	733	967	510	49	49	49	49	188	-	-	-
Vote 3 - COMMUNITY SERVICES	4	691	216	342	342	342	13 836	100	-	-	-
Vote 4 - TECHNICAL SERVICES	383	18 722	28 006	13 000	13 836	13 836	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]	208	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	871	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		214	26	40	13	14	14	14	1	-	-
Total Capital Expenditure - Vote		008	379	732	391	227	227	227	288	-	-
Capital Expenditure - Functional											
Governance and administration											
Executive and council	754	967	510	535	535	535	535	783	1	-	-
Finance and administration	20	-	-	-	-	-	-	-	-	-	-
Internal audit	515	2	3	1	1	1	1	1	1	-	-
Community and public safety											
Community and social services	219	967	510	535	535	535	535	783	1	-	-
Sport and recreation	4	4	9	342	590	590	590	100	1	-	-
Public safety	383	691	216	342	590	590	590	100	1	-	-
Housing	4	4	4	142	362	362	362	050	1	-	-
Health	383	691	250	142	362	362	362	050	1	-	-
Economic and environmental services											
Planning and development			966	200	200	200	200	50	-	-	-
Road transport	33	3	17	-	5	5	5	2	11	11	11
Environmental protection	957	260	371	-	908	908	908	617	287	823	823
Trading services											
Energy sources	33	3	17	-	5	5	5	2	11	11	11
Water management	957	260	371	-	908	908	908	617	287	823	823
Waste water management	174	15	10	23	23	23	23	35	19	23	23
Waste management	914	462	635	781	454	454	454	736	920	026	026

<i>Other</i>		7 535 162 298 5 052 29	6 192 3 614 5 657	6 635 4 000	3 000 10 781 10 000	3 836 9 618 10 000	3 836 9 618 10 000	3 836 9 618 10 000	10 000 9 416 16 320	1 920 18 000	2 026 21 000
Total Capital Expenditure - Functional	3	214 008	26 379	40 732	25 657	31 486	31 486	31 486	41 236	31 207	34 849
Funded by:											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants		213 133	18 565 4 691	28 857	23 781	29 362	29 362	29 362	38 353	31 207	34 849
Transfers recognised - capital											
Borrowing											
Internally generated funds											
		213 133	23 413	28 857	23 781	29 362	29 362	29 362	38 353	31 207	34 849
	4	349	1 631								
	6	525	1 336	3 750	1 877	2 125	2 125	2 125	2 883		
Total Capital Funding	7	214 008	26 379	32 607	25 657	31 486	31 486	31 486	41 236	31 207	34 849

For 2019/2020 an amount of R 41.236 million has been appropriated for the development of infrastructure assets, community assets, intangible assets, machinery and equipment and transport and assets which represents 100 per cent of the total capital budget. In the outer years this amount totals R31.207 million and R34.849 million which is mainly for infrastructure respectively for each of the financial years. Waste water management receives the highest allocation of R 16.320 million in 2019/2020 which equates to 39.58 per cent followed by electricity services at 23.68 per cent, R10 million.

Total new assets represent 6.99 per cent or R 2.883 million of the total capital budgets and the rest represent the upgrade of existing assets which equates to 93.01 or R 38.353 million. Further detail relating to asset classes and proposed capital expenditure is contained in Table 15 MBRR A9 (Asset Management) on page 38. In addition to the MBRR Table A9, MBRR Tables SA34a and SA34c provides a detailed breakdown of the capital programme relating to new asset construction as well as operational repairs and maintenance by asset class (refer to pages 89, 90 and 91). Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Noupoot Electricity Network – R10 million;
- Van der Waltsfontein Water Pipe Line – R9.416 million;
- Upgrading of VIP's and bucket system – R16.320 million;
- Upgrade of Nerina Street – R1.117 million;
- New Financial System – R 1.595 million;
- Develop New Cemetery Site in Noupoot – R 640 thousand (2nd portion of 2 payments);
- Purchase of a new bakkie for Property Services – R 210 thousand;
- Purchase of a new Vehicle for Libraries – R 200 thousand;
- Purchase of Sport Ground Maintenance equipment – R 50 thousand;
- Payment of retention fee for New Ouboks Arterial Road – R 1500 million;
- Purchase of a computer with programmes – R 8 thousand;
- Purchase of a new laptop – R 10 thousand;
- Purchase of a new welding machine – R 20 thousand;
- Purchase of CCV Cameras for municipal buildings – R 150 thousand.

Furthermore, pages 93 to 95 contain a detail breakdown of the capital budget per project over the medium-term.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.

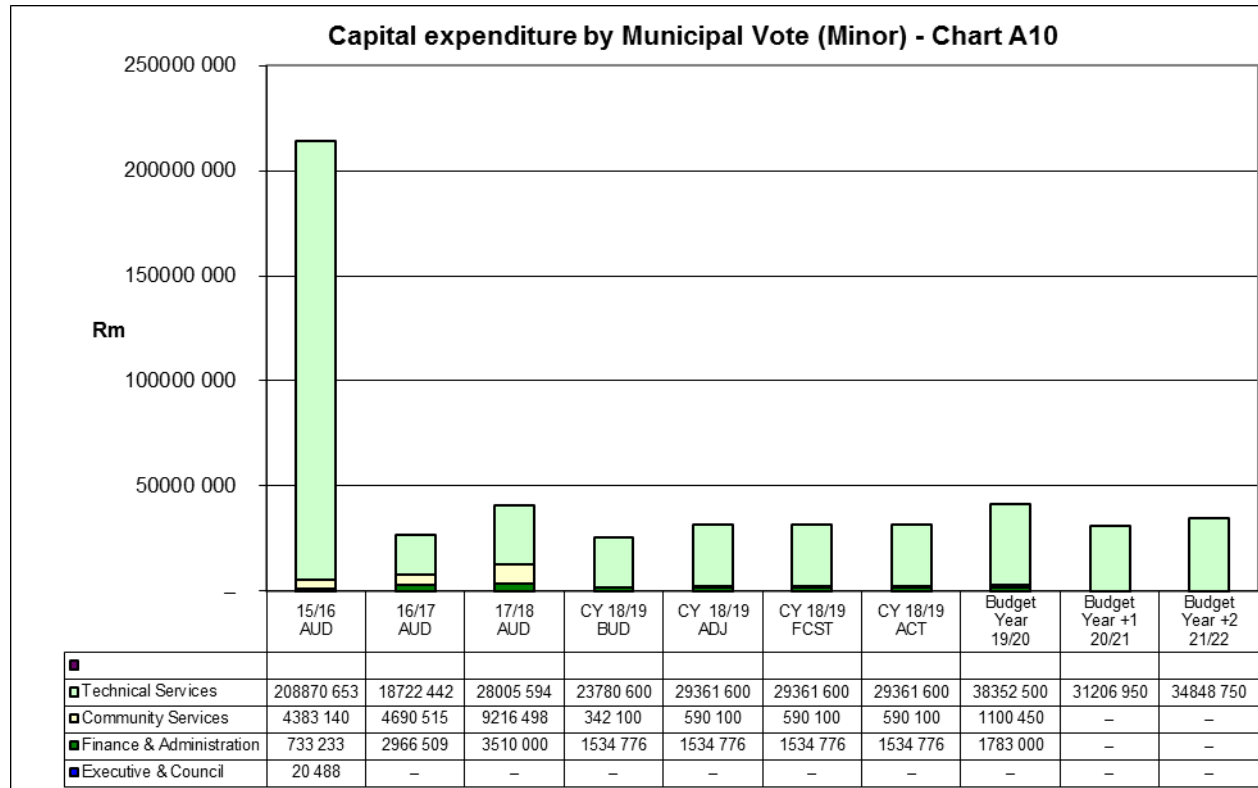


Figure 2 Capital Infrastructure Programme

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in the MTREF expenditure. This concomitant operational expenditure is expected to escalate to R 2.883 million by 2019/20 financial year.

1.7 Annual Budget Tables

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2019/2020 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

[Table 17 MBRR Table A1 - Budget Summary](#)

NC072 Umsobomvu - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousands										
Financial Performance				10	11	11	11	11	12	13
Property rates	8	8	9	447	062	062	062	726	430	176
Service charges	144	591	855	62	61	61	61	67	71	76
Investment revenue	45 937	49 308	59 618	863	771	771	771	662	796	463
Transfers recognised - operational	538	453	532	560	560	560	560	570	570	570
Other own revenue	32 302	33 232	45 088	49 275	48 275	48 275	48 275	53 501	57 815	62 449
Total Revenue (excluding capital transfers and contributions)	15	10	18	19	20	20	20	21	22	23
	874	609	475	185	251	251	251	144	089	015
Employee costs	102	102	133	142	141	141	141	154	164	175
Remuneration of councillors	795	193	568	330	919	919	919	602	699	673
Depreciation & asset impairment Finance charges	37	38	48	53	54	54	54	57	61	64
Materials and bulk purchases	333	985	382	560	350	350	350	790	244	908
Transfers and grants	3 095	3 429	3 859	130	130	130	4 130	4 398	4 662	4 942
Other expenditure	28 120	27 823	25 827	25 827	25 827	25 827	25 827	31 139	29 504	23 622
	1 814	1 982	119	—	23	—	23	—	—	—
	21 065	22 917	20 828	948	300	300	23 300	27 891	28 703	30 842
	—	56	—	51	—	51	—	—	—	—
Total	529	508	280	396	277	277	51 277	53 432	54 196	56 718
Expenditure	147	130	150	155	158	158	158	174	178	181
Surplus/(Deficit)	957	644	296	861	883	883	883	649	309	032
Transfers and subsidies - capital (monetary allocatio	(45	(28	(16	(13	(16	(16	(16	(20	(13	(5
Contributions recognised - capital	162)	451)	728)	530)	964)	964)	964)	047)	610)	359)
& contributed asse Surplus/(Deficit)	60	27	28	23	29	29	29	38	31	34
after capital transfers & contributions	044	100	857	781	362	362	362	353	207	849
Share of surplus/ (deficit) of associate	14	(1	12	10	12	12	12	18	17	29
Surplus/(Deficit) for the year	882	351)	128	250	398	398	398	306	597	490
	—	—	—	—	—	—	—	—	—	—
	14	(1	12	10	12	12	12	18	17	29
	882	351)	128	250	398	398	398	306	597	490
Capital expenditure & funds sources	214	26							31	34
Capital expenditure	008	379	40				31	41	207	849
Transfers recognised - capital	213	23	732	25	31	31	486	236	31	34
Borrowing	133	413	28	657	486	486	29	38	207	849
Internally generated funds	349	631	857	23	29	29	362	353	—	—
Total sources of capital funds		1	—	781	362	362	—	—	—	—
	525	336	750	1 877	2 125	2 125	2 125	2 883	—	—
	214 008	26 379	32 607	25 657	31 486	31 486	31 486	41 236	31 207	34 849
Financial position									101	138
Total current assets	35	38	138	46	39	39	39	67	809	883
Total non current assets	097	191	926	858	775	775	775	908	625	665
Total current liabilities	533 089	529 747	592	556 980	556 980	556 980	556 980	592 842	043	774
Total non current liabilities	42 321	43 155	061	20 442	20 442	20 442	20 442	18 623	24 274	22 404
Community wealth/Equity	17	19	4 722	16	16	16	16	17	19	20
	833	109	25 888	907	907	907	907	982	061	205
	508 031	505 674	700 377	566 489	559 406	559 406	559 406	624 144	683 517	762 049
Cash flows	66	23	35	30	29	29	29	50	47	52
Net cash from (used) operating	072	194	408	367	162	162	162	248	177	539
Net cash from (used) investing	(64	(26	(34	(25	(31	(31	(31	(41	(31	(34
Net cash from (used) financing	579)	188)	622)	657)	486)	486)	486)	236)	207)	849)
Cash/cash equivalents at the year end	(693)		(809)							
	19	861	17	140	140	140	140	135	120	123
	248	17 114	091	21 940	14 906	14 906	14 906	24 053	40 143	57 955

Cash backing/surplus	19	17	17	21	14	14	14	25	41	58
reconciliation Cash and	248	114	091	989	906	906	906	717	289	892
investments available	29	26	(85	(10	(10	(10	(10	(23	(35	(55
Application of cash and	906	960	270)	280)	194)	194)	194)	678)	153)	214)
investments	(10	(9	102	32	25	25	25	49	76	114
Balance - surplus (shortfall)	658)	846)	361	269	100	100	100	395	441	106
Asset management		529		556	556	556	556	598	628	663
Asset register summary (WDV)	805	747	592	980	980	980	980	153	720	569
Depreciation	170	27 823	061	25 827	25 827	25 827	25 827	31 139	29 504	23 622
Renewal and Upgrading of	28 120	23	25 827	23	29	29	29	38	31	34
Existing Assets	—	255	—	781	362	362	362	353	207	849
Repairs and Maintenance	2	3 111	151	320	875	875	3 875	4 719	4 862	4 912
Free services							10	10	11	12
Cost of Free Basic Services provided			6				300	300	250	000
Revenue cost of free services provided			895				307	307	325	344
Households below minimum service level Water:				8 213	9 681	9 681	—	—	—	—
Sanitation/sewerage:				—	—	—	0	0	0	0
Energy:			0	0	0	0	—	—	—	—
Refuse:			—	—	—	—	—	—	—	—

Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - The operating surplus (after Total Expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital funding sources, of which
 - Transfers recognised is reflected on the Financial Performance Budget;
 - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
- The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.
- Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of

Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2019/20 the water backlog will have been eliminated.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

NC072 Umsobomvu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
Governance and administration		47								
Executive and council	175	35				64	64	70 809	75 840	81 341
Finance and administration	034	12				44	44	49 894	54 078	58 741
Internal audit	141					20	20	20 914	21 762	22 600
	–					128	128	20 914	21 762	22 600
Community and public safety	15 706									
Community and social services	2 183									
Sport and recreation	3		42 348		63 225	11 556	11 556	12 086	12 788	13 343
Public safety	902		30 508	44 942	44 259	1 517	1 517	1 519	1 690	1 692
Housing	9		11 840	31 058	18	50	50	77	82	82
Health	622		12	13 884	966	9 989	9 989	10 490	11 017	11 569
	–		466	5	–	11	–	–	–	–
	–		783	387	2	445	–	–	–	–
	–		3 341	032	1 517	–	–	–	–	–
Economic and environmental services	10 174									
Planning and development	2		3	3 900	–	9	1 092	1 092	2 709	11 379
Road transport	10 174			9 455	927	–	–	–	–	–
Environmental protection	–			–	–	1 092	1 092	2 709	11 379	11 914
	–			–	–	–	–	–	–	–
	–		665	15 413	1 092	93 840	93 840	107	95 899	103
	104 993		3	15	–	1	38	351		924
	33 486		665	413	092	384	384	49 128	43 661	46 683
Trading services	50		73	73	–	90	30			
Energy sources	384		865	957	349	128	128	25 759	17 209	18 149
Water management	14		34 968	39 157	37 593	18	18			
Waste water management	349		15 706	19 212	26 531	834	834	25 750	28 062	31 738
Waste management	6 773		15 738	9 021	19 413	6 493	6 493	6 715	6 968	7 354
	–		7 453	6 567	6 812	–	–	–	–	–
Other	4		–	–	–	–	–	–	–	–
Total Revenue - Functional	2	178 048	132 344	149 698	166 111	171 281	171 281	192 955	195 906	210 522

Expenditure - Functional										
Governance and administration										
Executive and council		37				47	47			
Finance and administration	950					791	791	54 251	55 195	
Internal audit	887	12				16	16			
						379	379	19 041	20 246	57 494
Community and public safety		25				31	31			
Community and social services	063					412	412	35 210	34 949	21 482
Sport and recreation	–					–	–	–	–	
Public safety	8 455	35 374	40 081	47 673	20 091	20 091	18 045	18 791	36 012	
Housing	4	13 254	15 374	16 077	4 476	4 476	3 770	3 969	–	
Health	805	22 120	24 706	31 596	3	3	3 397	3 596	20 338	
	932	12	21	19	109	109	9	9	4 205	
	2 140	195	5	8	3	770	770	9 363	9 598	3 798
Economic and environmental services	578	334	480	945	2	2				10 597
Planning and development	–	2	75	2 840	3 067	735	735	1 515	1 628	1 738
Transport	17 688	5	9 737	9 694	–	–	–	–	–	–
Environmental protection	–	3	31	847	2 747	13 714	13 714	15 640	15 777	16 148
Trading services	17 688	6	–	13	–	12	–	265	210	207
Energy sources	–	791	694	992	13 714	13 714	15 374	15 566	15 941	
Water management	83 863	–	14	–	12	–	–	–	–	–
Waste water management	25	202	694	992	77 287	77 287	86 714	88 547	87 052	
Waste management	542	–	14	–	75	28	28			
	32	202	617	742	532	532	32 180	34 003	36 089	
	990	–	68	26	03	26	27			
	14	873	8	9	069	069	32 501	31 984	28 118	
	016	27 674	27	68	27	42	12			
	11	25 450	1	6	157	157	12 931	13 208	13 276	
	315	9 863	11 666	11 893	9 530	9 530	9 102	9 352	9 569	
		5 886	9 232	9 434	–	–	–	–	–	–
Other	4	–	–	–	–	–	–	–	–	–
Total Expenditure - Functional	3	147	130	150	155	158	158	174	178	181
		957	644	296	860	883	883	649	309	032
Surplus/(Deficit) for the year		30	1 700	(597)	10 251	12	12	18 306	17 597	29 490
		091			398	398				

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 4 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water, Waste water and the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Corporate Services.

Table 19 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC072 Umsobomvu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1									
Vote 1 - EXECUTIVE & COUNCIL		29	30	39	44	44	44	49	54	58
Vote 2 - FINANCE & ADMIN		229	508	17	18	20	20	20	21	22
Vote 3 - COMMUNITY SERVICES		12	12	908	966	128	128	914	762	600
Vote 4 - TECHNICAL SERVICES		358	130	15	11	11	11	12	12	13
Vote 5 - [NAME OF VOTE 5]		6 085	9	387	445	556	556	086	788	343
Vote 6 - [NAME OF VOTE 6]		115	125	89	91	94	94	110	107	115
Vote 7 - [NAME OF VOTE 7]		167	77 530	370	441	932	932	060	278	838
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	162	129	162	166	171	171	192	195	210
		839	293	424	111	281	281	955	906	522
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE & COUNCIL		12	13	15	16	16	16	19	20	21
Vote 2 - FINANCE & ADMIN		887	254	374	077	379	379	041	246	482
Vote 3 - COMMUNITY SERVICES		25	22	24	31	31	31	35	34	36
Vote 4 - TECHNICAL SERVICES		063	120	706	596	412	412	210	949	012
Vote 5 - [NAME OF VOTE 5]		8 455	12	21	19	20	20	18	19	20
Vote 6 - [NAME OF VOTE 6]		101	195	904	453	091	091	310	001	545
Vote 7 - [NAME OF VOTE 7]		552	83	88	88	91	91	102	104	102
Vote 8 - [NAME OF VOTE 8]		-	075	311	734	001	001	088	113	993
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	147	130	150	155	158	158	174	178	181
		957	644	296	860	883	883	649	309	032
Surplus/(Deficit) for the year	2	14	(1)	12	10	12	12	18	17	29
		882	351	128	251	398	398	306	597	490

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is

possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity and water trading services.

Table 20 Surplus/(Deficit) calculations for the trading services

VOTE DESCRIPTION R thousand	2015/16	2016/17	2017/18	Current Year 2018/19			Medium Term Expenditure		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ELECTRICITY - Revenue	33 486 341	34 967 629	39 157 438	37 592 603	38 384 462	38 384 462	49 127 985	43 660 544	46 682 982
ELECTRICITY - Expenditure	25 542 160	27 674 019	26 037 789	26 988 844	28 531 543	28 531 543	32 179 639	34 003 352	36 088 522
	7 944 181	7 293 610	13 119 649	10 603 759	9 852 919	9 852 919	16 948 346	9 657 192	10 594 460
% Surplus (Deficit)	23.72%	20.86%	33.50%	28.21%	25.67%	25.67%	34.50%	22.12%	22.69%
WATER - Revenue	50 384 385	15 706 296	19 212 427	26 531 363	30 128 343	30 128 343	25 758 531	17 208 693	18 148 771
WATER - Expenditure	32 990 169	25 449 871	27 680 896	27 426 327	27 069 069	27 069 069	32 500 999	31 983 592	28 117 805
	17 394 216	(9 743 575)	(8 468 469)	(894 964)	3 059 274	3 059 274	(6 742 468)	(14 774 899)	(9 969 034)
% Surplus (Deficit)	34.52%	-62.04%	-44.08%	-3.37%	10.15%	10.15%	-26.18%	-85.86%	-54.93%

- The electricity trading surplus is increasing in 2019/20 from 25.67 per cent to 34.50 per cent and it is decreasing in 2020/21 from 34.50 per cent or R 9.657 million in 2019/20 to 22.12 per cent. This is primarily as a result of the high increases in Eskom bulk purchases and low increase in municipal tariff as guided by Nersa.
- The surplus on the water services decreases from 10.15 per cent in 2018/19 to a deficit of 26.18 per cent in 2019/20 and decreases again over the two outer years to 85.86 per cent and 54.93 per cent respectively.
- Note that the surpluses on these trading accounts are utilised as an internal funding source for the capital programme for asset renewal, refurbishment and the development of new asset infrastructure, *and are not used to cross-subsidise other municipal services.*

Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC072 Umsobomvu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22

Revenue By Source										
Property rates	8		9	10	11	11	11			
144			855	447	062	062	062	11 726	12 430	13 176
Service charges - electricity revenue										
27 911			31 796	818	773	773	773	38 254	40 807	43 660
Service charges - water revenue	8	591	12	13	13	13	13			
3 220		26 973	986	617	468	468	468	14 108	14 855	15 661
Service charges - sanitation revenue	8	5 898	8 600	8 968	8 387	8 387	8 387	8 956	9 561	
2 355	6	9 393	6	6	6	6	6			
Service charges - refuse revenue	2	7 044	235	461	142	142	142	6 343	6 573	6 936
2		357								
Rental of facilities and equipment	2	759	453	276	291	333	333	351	371	391
2		2 513								
Interest earned - external investments	2	538	—	532	560	560	560	570	570	570
2 169		314	2 926	3 105	3 105	3 105	3 105	3 345	3 554	3 776
Interest earned - outstanding debtors		—	—							
889		—	6	7	7	7	7			
Dividends received		33 232	963	312	372	372	372	7 743	8 134	8 543
Fines, penalties and forfeits			2	2	2	2	2			
—			396	516	517	517	517	2 644	2 777	2 916
Licences and permits			326	342	342	342	342	359	377	396
32 302			45 088	49 275	48 275	48 275	48 275	53 501	57 815	62 449
Agency services	2	12	7 425	5	5	6	6	6		
058			588	619	582	582	582	6 701	6 876	6 992
Transfers and subsidies										
Other revenue										
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		102 795	102 193	133 568	141 919	141 919	141 919	154 602	164 699	175 673
Expenditure By Type										
Employee related costs		37		48	53	54	54			
333		38 985	382	560	350	350	350	57 790	61 244	64 908
Remuneration of councillors		3	3 429	3	4	4	4			
095		11 389	859	130	130	130	130	4 398	4 662	4 942
Debt impairment		31		11	11	11	11			
2 681			388	388	388	388	388	11 388	11 388	11 388
Depreciation & asset impairment	2	28	27 823	25	25	25	25			
Finance charges	3	120		827	827	827	827	31 139	29 504	23 622
Bulk purchases	2	1	1 982							
814			119							
Other materials										
Contracted services	2	21	22 917	20	21	23	23			
8 065			828	948	300	300	300	27 891	28 703	30 842
Transfers and subsidies										
Other expenditure										
Loss on disposal of PPE	4, 5	—	—	1	1	1	1			
—		23 012	124	191	191	191	191	1 274	1 364	1 459
—			38 749	37 797	38 678	38 678	678	40 750	41 425	43 851
21 596										
251		3	1 107	20	20	20	20	20	20	20
Total Expenditure		147 957	130 644	150 296	158 883	158 883	158 883	174 649	178 309	181 032

Surplus/(Deficit)										
Transfers and subsidies - capital	(45 162)	(28 451)	(16 728)	(13 530)	(16 964)	(16 964)	(16 964)	(20 047)	(13 610)	(5 359)
(monetary allocations) (National / Provincial and District) Transfers and subsidies - capital (monetary allocations) (National / Provincial	60 044	27 100	28 857	23 781	29 362	29 362	29 362	38 353	31 207	34 849
Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all)	14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597	29 490
Surplus/(Deficit) after capital transfers & contributions	14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597	29 490
Taxation	14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597	29 490
Surplus/(Deficit) after taxation	14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597	29 490
Attributable to minorities										
Surplus/(Deficit) attributable to municipality										
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	14 882	(1 351)	12 128	10 250	12 398	12 398	12 398	18 306	17 597	29 490

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R141.919 million in 2019/20 and escalates to R154.602 million by 2020/21. This represents a year-on-year increase of just 8.94 per cent for the 2019/20 financial year and 6.53 per cent increase for the 2020/21 financial year.
2. Revenue to be generated from property rates is R 11.726 million in the 2019/20 financial year and increases to R 12.430 by 2020/21 as the property rates tariff will be increased by 6% in the 2020/21 financial year. This constitute 7.59 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent and 6 per cent for each of the respective outer years of the MTREF.
3. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R 79.388 million for the 2019/20 financial year and increasing to R84.225 million by 2020/21. For the 2019/20 financial year services charges amount to 51.35 per cent of the total revenue base and increases 51.03 per cent by 2021/22. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF by 8.06 per cent and 8.02 per cent for the two outer years. The percentage share of this revenue source declines due to the more rapid relative growth in service charge revenues.
5. The following graph illustrates the major expenditure items per type.

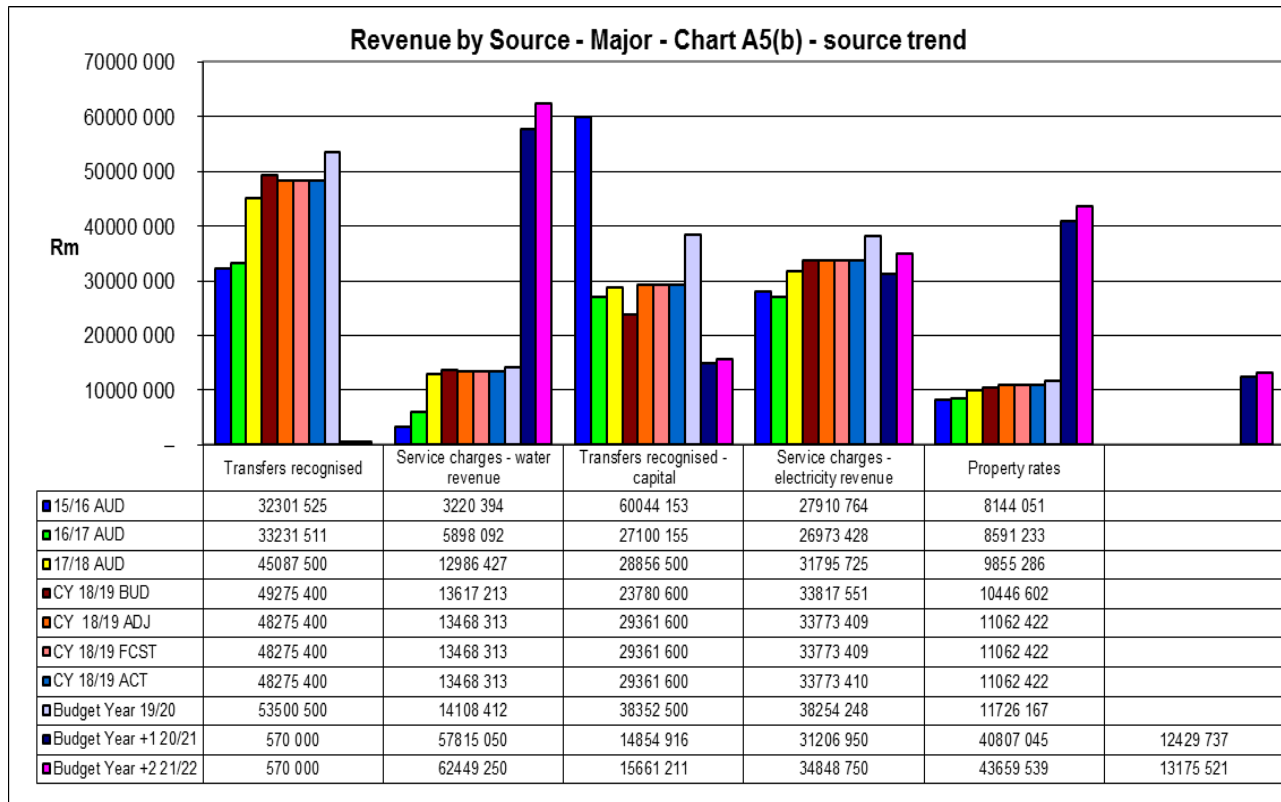


Figure 3 Expenditure by major type

6. Bulk purchases have increased in the 2019/20 financial year when compared to the 2018/19 adjustment budget. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom and water from DWAF.
7. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 22 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure - Vote	2										
Multi-year expenditure to be appropriated											
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	1	1	1	-	1	-	-
Vote 2 - FINANCE & ADMIN		-	-	-	485	485	485	1 485	595	-	-
Vote 3 - COMMUNITY SERVICES		-	-	-	10	248	248	248	38	-	-
Vote 4 - TECHNICAL SERVICES		-	-	-	781	15 526	15 526	15 526	353	31 207	34 849
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	12	17	17	17	39	31	34
Single-year expenditure to be appropriated					266	259	259	259	948	207	849
Vote 1 - EXECUTIVE & COUNCIL	20	2 967	-	3	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMIN	733	691	4	9	49	49	49	49	188	-	-
Vote 3 - COMMUNITY SERVICES	4 383	18 722	216	9	342	342	342	342	1 100	-	-
Vote 4 - TECHNICAL SERVICES	208	-	28 006	-	13 000	13 836	13 836	13 836	-	-	-
Vote 5 - [NAME OF VOTE 5]	871	-	-	-	-	-	-	-	-	-	-
Vote 6 - [NAME OF VOTE 6]	-	-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]	-	-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]	-	-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]	-	-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]	-	-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]	-	-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]	-	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		214	26	40	13	14	14	14	1	-	-
	008	379	732	391	227	227	227	227	288	-	-
Total Capital Expenditure - Vote		214	26	40	25	31	31	31	41	31	34
	008	379	732	657	486	486	486	486	236	207	849
Capital Expenditure - Functional											
Governance and administration											
Executive and council	754	967	2	3	535	535	535	535	783	-	-
Finance and administration	20	-	-	-	-	-	-	-	-	-	-
Internal audit	515	967	2	3	535	535	535	535	783	-	-
Community and public safety											
Community and social services	219	-	-	-	-	-	-	-	-	-	-
Sport and recreation	4	4	9	-	342	590	590	590	100	-	-
Public safety	383	691	216	9	342	590	590	590	100	-	-
Housing	4	4	-	-	-	-	-	-	-	-	-
Health	383	691	250	8	142	362	362	362	050	-	-
Economic and environmental services											
Planning and development	-	-	966	-	200	200	200	200	50	-	-
Road transport	-	-	-	-	28	28	28	28	-	-	-
Environmental protection	33	3	17	-	-	5	5	5	2	11	11
Trading services											
Energy sources	957	260	371	-	908	908	908	908	617	287	823
Water management	33	3	17	-	-	5	5	5	2	11	11
Waste water management	957	260	371	-	908	908	908	908	617	287	823
Waste management	-	-	-	-	-	-	-	-	-	-	-
Other											
	174	15	10	23	23	23	23	23	35	19	23
	914	462	635	781	454	454	454	454	736	920	026
	7	6	6	3	3	3	3	3	10	1	2
	535	192	635	000	836	836	836	836	000	920	026
	162 298	3	4	10 781	9	9	9	9	9 416	18	21
	5 052	614	000	10	618	618	618	618	16 320	000	000
	29	-	-	000	10 000	10 000	10 000	10 000	-	-	-

			5 657								
Total Capital Expenditure - Functional	3	214 008	26 379	40 732	25 657	31 486	31 486	31 486	41 236	31 207	34 849
Funded by:											
National Government											
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital											
Borrowing											
Internally generated funds											
		213 133	18 565 4 691	36 982	23 781	29 362	29 362	29 362	38 353	31 207	34 849
		213 133	23 413	36 982	23 781	29 362	29 362	29 362	38 353	31 207	34 849
	4	349	1 631								
	6	525	1 336	3 750	1 877	2 125	2 125	2 125	2 883		
Total Capital Funding	7	214 008	26 379	40 732	25 657	31 486	31 486	31 486	41 236	31 207	34 849

Explanatory notes to Table A5 Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. A total capital expenditure has been appropriated at R41.236 million for the 2019/20 financial year and decreases to R31.207 million and increases to R34.849 million in the 2020/21 and 2021/22 financial years respectively.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from national, provincial grants and transfers and internally generated funds. For 2019/20, capital transfers totals consist of R38.353 million (93.01 per cent national and 6.99 per cent internally generated) and R31.207 million by 2020/21 (100 per cent national). These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 - Budgeted Financial Position

NC072 Umsobomvu - Table A6 Budgeted Financial Position

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS											
Current assets											
Cash		12	16	15		13	13	13			
Call investment deposits	1	956	277	976	20 471	388	388	388	23 629	38 631	55 664
Consumer debtors	1	6		1		1	1	1			
		292	837	115	1 518	518	518	518	2 088	2 658	3 228
		10	16			21	21	21			
	2	410	403	117 359	21 446	446	446	446	38 768	57 098	76 568

-										
Other debtors		5	4	4		2	2	2		
Current portion of long-term receivables		029	236	075	2 958	958	958	958	2 958	2 958
Inventory		410	437	401	465	465	465	465	465	465
Total current assets		35 097	38 191	138 926	46 858	775	775	775	67 908	101 809
Non current assets										
Long-term receivables										
Investments		2	2	2		2	2	2		
Investment property		061	061	061	2 061	061	061	061	2 061	2 061
Investment in Associate		530 974	527 480	586 490	549 879	549 879	549 879	549 879	584 190	616 391
Property, plant and equipment										
Biological				3		5	5	5		
Intangible		54	206	510	5 039	039	039	039	6 591	6 591
Other non-current assets	3									
Total non current assets		533 089	529 747	592 061	556 980	556 980	556 980	556 980	592 842	625 043
TOTAL ASSETS		568 186	567 937	730 987	603 838	596 755	596 755	596 755	660 750	804 658
LIABILITIES										
Current liabilities										
Bank overdraft		1	1							
Borrowing		241	048	—	—	—	—	—	—	—
Consumer deposits		774	813	911	1 051	051	051	051	1 186	1 306
Trade and other payables	1 4	40	40	2	18 117	117	18 117	117	16 081	21 530
Provisions	4		1		1 274	274	1 274	274	1 357	1 438
Total current liabilities		42 321	43 155	4 722	20 442	442	442	442	18 623	24 274

Non current liabilities		1	2								
Borrowing		256	367	979	–	–	–	–	–	–	–
Provisions		16	16	24	16 907	907	16	16	17 982	19 061	20 205
		577	742	908			907	907			
Total non current liabilities		17	19	25	16 907	907	16	16	17 982	19 061	20 205
		833	109	888			907	907			
TOTAL LIABILITIES		60	62	30	37 349	349	37	37	36 606	43 336	42 609
		154	264	610			349	349			
NET ASSETS	5	508 031	505 674	700 377	566 489	559 406	559 406	559 406	624 144	683 517	762 049
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		508 031	505 674	700 377	566 489	559 406	559 406	559 406	624 144	683 517	762 049
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	508 031	505 674	700 377	566 489	559 406	559 406	559 406	624 144	683 517	762 049

Explanatory notes to Table A6 Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practices and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
- Table 47 is supported by an extensive table of notes (SA3 which can be found on page 101) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
- The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
- Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash

and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24 MBRR Table A7 - Budgeted Cash Flow Statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/ 20	Budget Year +1 2020/ 21	Budget Year +2 2021/ 22
CASH FLOW FROM OPERATING ACTIVITIES											10 540
Receipts		9 254	8 242	8 870	8 357	8 407	8 407	407	9 381	9 944	
Property rates		16 349	25 430	39 401	47 392	46 667	46 667	46 667	52 361	55 604	59 257
Service charges		21 520	10 574	15 549		15 303	15 303	303	15 923	16 609	17 281
Other revenue		57 164	42 925	45 088	507	48 275	48 275	275			
Government - operating		41 802	30 437	28 857	49 275	29 362	29 362	362	53 501	57 815	62 449
Government - capital	11	2 707	2 967	2 434	23 781	2 796	2 796	2 796	38 353	31 207	34 849
Interest					2 796				2 978	3 129	3 289
Dividends									—	—	—
Payments											
Suppliers and employees	1	(80 910)	(96 228)	(104 671)	(115 741)	(121 648)	(121 648)	(121 648)	(122 249)	(127 130)	(135 126)

Finance charges	(1 814)	(1 152)	(119)					—	—	—
Transfers and Grants								—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	66 072	23 194	35 408	30 367	29 162	29 162	162 29	50 248	47 177	52 539
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		175								
Decrease (Increase) in non-current debtors	(64 579)	(26 363)	(34 622)	(25 657)	(31 486)	(31 486)	(31 486)			
Decrease (increase) other non-current receivables								—	—	—
Decrease (increase) in non-current investments								—	—	—
Payments										
Capital assets								(41 236)	(31 207)	(34 849)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(64 579)	(26 188)	(34 622)	(25 657)	(31 486)	(31 486)	(31 486)	(41 236)	(31 207)	(34 849)
CASH FLOWS FROM FINANCING ACTIVITIES										
		1 631	170	140	140	140	140	—	—	—

-										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing	(693)	(770)	(979)					135	120	123
Increase (decrease) in consumer deposits								-	-	-
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES	(693)	861	(809)	140	140	140	140	135	120	123
NET INCREASE/(DECREASE) IN CASH HELD	800	(2 134)	(24)	4 849	(2 184)	(2 184)	(2 184)			
Cash/cash equivalents at the year begin:	18 448	19 248	17 114	17 091	17 091	17 091	091			
Cash/cash equivalents at the year end:	19 248	17 114	17 091	21 940	14 906	14 906	906	14	16 090	17 813
								9 147	24 053	40 143
								24 053	40 143	57 955

Explanatory notes to Table A7 Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the Municipality have been decreasing over the 2015/16 to 2018/19 period and the projections for the 2019/20 to 2020/21 shows an improvement as the municipality is planning to roll-out prepaid water meters for all its residents, which will help improve its collection rate.
4. The adopted 2019/20 MTREF provide for a net increase in cash of R9.147 million for the 2019/20 financial year resulting in an overall projected positive cash position of R24.053 million at year end.

5. As part of the 2018/19 mid-year review and Adjustments Budget the cash position had to be addressed various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
6. In addition, the Municipality undertook an extensive debt collection drive resulting in cash receipts on arrear debtors. These interventions translated into an expected net cash position of R 14.906 million for the 2018/19 financial year.
7. The 2019/20 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
8. Cash and cash equivalents totals R24.053 million as at the end of the 2019/20 financial year and increases to R57.955 million by 2021/22.

Table 25 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Cash and investments available</u>											
Cash/cash equivalents at the year end								14			
Other current investments > 90 days	1	19 248	17 114	17 091	21 940	14 906	14 906	906	24 053	40 143	57 955
Non current assets - Investments	1	(0)	(0)	0	49	(0)	(0)	(0)	1 665	1 146	937
		—	—	—	—	—	—	—	—	—	—
Cash and investments available:		19 248	17 114	17 091	21 989	14 906	14 906	906	25 717	41 289	58 892
<u>Application of cash and investments</u>	2	—	—	350	—	—	—	—	—	—	—
	3	—	—	—	—	—	—	—	—	—	—

-											
Unspent conditional transfers	4										
Unspent borrowing	5	29 906	26 960	(85 620)	(10 280)	(10 194)	(10 194)	(10 194)	(23 678)	(35 153)	(55 214)
Statutory requirements											
Other working capital requirements		-	-	-	-	-	-	-	-	-	-
Other provisions											
Long term investments committed											
Reserves to be backed by cash/investments											
Total Application of cash and investments:		29 906	26 960	(85 270)	(10 280)	(10 194)	(10 194)	(10 194)	(23 678)	(35 153)	(55 214)
Surplus(shortfall)		(10 658)	(9 846)	102 361	32 269	25 100	25 100	100 25	49 395	76 441	114 106

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 86 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of noncompliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2015/16 the surplus deteriorated from R19.248 million to a surplus of R 14.906 million in 2018/19 and increases to R58.892 million in 2021/22.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the approved 2019/20 MTREF was funded owing to the significant remaining surplus.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2019/20 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to increase from a deficit of R10.658 million in 2018/19 to R114.106 million by 2021/22.

Table 26 MBRR Table A9 - Asset Management

MAY 2019 Page 55

ASSET REGISTER SUMMARY - PPE (WDV)	5	805 170	529 747	592 061	556 980	556 980	556 980	598 153	628 720	663 569
Roads Infrastructure		154 038	124 584	159 298	153 679	153 679	153 679	156 296	167 583	179 406
Storm water Infrastructure				—						
Electrical Infrastructure		56 319	31 822	67 145	68 812	68 812	68 812	78 812	80 732	82 758
Water Supply Infrastructure		315 879	251 147	190 564	187 800	187 800	187 800	197 216	197 216	197 216
Sanitation Infrastructure		83 379	60 671	85 978	93 067	93 067	93 067	109 387	127 387	148 387
Solid Waste Infrastructure		41	1	41	5	5	5	5	5	5
Rail Infrastructure		406	477	406	865	865	865	865	865	865
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		651 021	469 701	544 391	509 223	509 223	509 223	547 576	578 783	613 632
Community Assets		13	4	17	16	16	16	17	16	16
Heritage Assets		278	691	861	782	782	782	423	782	782
Investment properties		2	2	2	2	2	2	2	2	2
Other Assets		061	061	061	061	061	061	061	061	061
Biological or Cultivated Assets		138	53	24	23	23	23	23	23	23
Intangible Assets		756	089	238	659	659	659	659	659	659
		54	206	3	4	4	4	6	6	6
Computer Equipment					43	43	43	61	61	61
Furniture and Office Equipment					15	15	15	15	15	15
Machinery and Equipment								170	170	170
Transport Assets										
Land					200	200	200	410	410	410
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	805 170	529 747	592 061	556 980	556 980	556 980	598 153	628 720	663 569
EXPENDITURE OTHER ITEMS		31 036	30 934	30 978	29 147	29 702	29 702	35 857	34 366	28 533
Depreciation	7	28 120	27 823	25 827	25 827	25 827	25 827	31 139	29 504	23 622
Repairs and Maintenance by Asset Class	3	2 916	3 111	5 151	3 320	3 875	3 875	4 719	4 862	4 912
Roads Infrastructure				1						
Storm water Infrastructure		433	300	390	388	482	482	530	535	535
Electrical Infrastructure										
		548	795	061	721	761	761	900	930	930

<i>Water Supply Infrastructure</i>	172	541	500	250	300	300	350	350	350
<i>Sanitation Infrastructure</i>	203	21	50	50	50	50	100	100	100
<i>Solid Waste Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Rail Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>	–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>	–	–	–	–	–	–	–	–	–
Infrastructure	355¹	657¹	001³	409¹	593¹	593¹	880¹	915¹	915¹
Community Facilities	5	2	5	5	5	5	5	5	5
Sport and Recreation Facilities	–	–	–	–	–	–	–	–	–
Community Assets	5	2	5	5	5	5	5	5	5
Heritage Assets	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Operational Buildings	371	101	252	295	295	295	388	408	438
Housing	–	–	–	–	–	–	–	–	–
Other Assets	371	101	252	295	295	295	388	408	438
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–
Servitudes	–	–	–	–	–	–	–	–	–
Licences and Rights	–	–	–	–	–	–	–	–	–
Intangible Assets	–	–	–	–	–	–	–	–	–
Computer Equipment	–	–	–	–	–	–	–	–	–
Furniture and Office Equipment	1	20	40	37	37	37	98	98	103
Machinery and Equipment	104	159	503	333	333	333	410	415	415
Transport Assets	079¹	172¹	352¹	242¹	612¹	612¹	938¹	021²	036²
Land	–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals	–	–	–	–	–	–	–	–	–

TOTAL EXPENDITURE OTHER ITEMS	31 036	30 934	30 978	29 147	29 702	29 702	35 857	34 366	28 533
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	0.0%	88.2%	0.0%	92.7%	93.3%	93.3%	93.0%	100.0%	100.0%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	0.0%	83.6%	0.0%	92.1%	113.7%	113.7%	123.2%	105.8%	147.5%
<i>R&M as a % of PPE</i>	0.5%	0.6%	0.9%	0.6%	0.7%	0.7%	0.8%	0.8%	0.7%
<i>Renewal and upgrading and R&M as a % of PPE</i>	0.0%	5.0%	1.0%	5.0%	6.0%	6.0%	7.0%	6.0%	6.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations as the focus of resources is on new Basic service infrastructure and repair and maintenance amounts to 0.6 per cent as prioritised in the IDP.

Table 27 MBRR Table A10 - Basic Service Delivery Measurement

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1			8	8	8	8	8	8	8
Water:										
Piped water inside dwelling		—	—	505	505	505	505	505	505	505
Piped water inside yard (but not in dwelling)		—	—	289	289	289	289	289	289	289
Using public tap (at least min.service level)		—	—	12	12	12	12	12	12	12
Other water supply (at least min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	8	8	8	8	8	8	8
Using public tap (< min.service level)		—	—	806	806	806	806	806	806	806
Other water supply (< min.service level)		—	—	—	—	—	—	—	—	—
No water supply		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level</i>		—	—	—	—	—	—	—	—	—
sub-total Total number of households	5	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		—	—	8	8	8	8	8	8	8
Flush toilet (with septic tank)		—	—	806	806	806	806	806	806	806
Chemical toilet		—	—	—	—	—	—	—	—	—
Pit toilet (ventilated)		—	—	7	7	7	7	7	7	7
Other toilet provisions (> min.service level)		—	—	722	722	722	722	722	722	722
<i>Minimum Service Level and Above sub-total</i>		—	—	236	236	236	236	236	236	236
Bucket toilet		—	—	—	—	—	—	—	—	—
Other toilet provisions (< min.service level)		—	—	794	794	794	794	794	794	794
No toilet provisions		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	8	8	8	8	8	8	8
Total number of households	5	—	—	752	752	752	752	752	752	752
Energy:										
Electricity (at least min.service level)		—	—	54	54	54	54	54	54	54
Electricity - prepaid (min.service level)		—	—	—	—	—	—	—	—	—
<i>Minimum Service Level and Above sub-total</i>		—	—	54	54	54	54	54	54	54
Electricity (< min.service level)		—	—	8	8	8	8	8	8	8
Electricity - prepaid (< min. service level)		—	—	806	806	806	806	806	806	806
Other energy sources		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level</i>		—	—	—	—	—	—	—	—	—
sub-total Total number of households	5	—	—	2	2	2	2	2	2	2
Refuse:										
Removed at least once a week		—	—	822	822	822	822	822	822	822
<i>Minimum Service Level and Above sub-total</i>		—	—	5	5	5	5	5	5	5
Removed less frequently than once a week		—	—	984	984	984	984	984	984	984
Using communal refuse dump		—	—	8	8	8	8	8	8	8
Using own refuse dump		—	—	806	806	806	806	806	806	806
Other rubbish disposal		—	—	—	—	—	—	—	—	—
No rubbish disposal		—	—	—	—	—	—	—	—	—
<i>Below Minimum Service Level sub-total</i>		—	—	—	—	—	—	—	—	—
Total number of households	5	—	—	769	769	769	769	769	769	769
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		—	—	006	—	—	—	735	601	648
Sanitation (free minimum level service)		—	—	006	—	—	—	735	601	648
Electricity/other energy (50kwh per household per month)		—	—	006	—	—	—	735	601	648
Refuse (removed at least once a week)		—	—	006	—	—	—	735	601	648
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		—	—	1	—	—	—	500	750	000
Sanitation (free sanitation service to indigent households)		—	—	795	—	—	—	800	900	000
Electricity/other energy (50kwh per indigent household per month)		—	—	1 847	—	—	—	500	800	000
Refuse (removed once a week for indigent households)		—	—	2 001	—	—	—	500	800	000
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		—	—	1	—	—	—	2	2	3
Total cost of FBS provided		—	—	251	—	—	—	500	800	000
		—	—	6	—	—	—	10	11	12
		—	—	895	—	—	—	300	250	000

<u>Highest level of free service provided per household</u>										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)							6	6	6	
Electricity (kwh per household per month)							135	143	152	
Refuse (average litres per week)							50	50	50	
<u>Revenue cost of subsidised services provided (R'000)</u>										
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA) Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	9									
Water (in excess of 6 kilolitres per indigent household per month)										
Sanitation (in excess of free sanitation service to indigent households)					289	289	289			
Electricity/other energy (in excess of 50 kwh per indigent household per month)					2 051	2 200	2 200			
Refuse (in excess of one removal a week for indigent households)	6	-	-	273	2	2	2	307	325	344
Municipal Housing - rental rebates		-	-		106	700	700			
Housing - top structure		-	-		2	2	2	-	-	-
subsidies Other		-	-		291	291	291	-	-	-
		-	-		1	2	2	-	-	-
Total levelen cost of subsidised services provided		-	-		475	200	200	-	-	-
		-	-		273	213	681	307	325	344

Explanatory notes to Table A10 - Basic Service Delivery Measurement

- Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
- The Municipality continues to make good progress with the eradication of backlogs:
 - Water services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time. These households are largely found in 'reception areas' and will need to be moved to formal areas so that they can receive services.
 - Sanitation services – backlog is very small and will be eradicated as soon as a provincial Housing project is completed in three years' time.
 - Electricity services – backlog will be eradicated over the MTREF. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades.
 - Refuse services – backlog does not exist at this stage.
- The budget provides for 1 735 households to be registered as indigent in 2019/2020, and therefore entitled to receiving Free Basic Services. The number is set to remain the same over the MTREF.
- It is anticipated that these Free Basic Services will cost the municipality R0.858 million per month or R 10.300 million in 2019/20 increasing to R12.000 million in 2021/22. This is covered by the municipality's equitable share allocation from national government.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 31 August 2016. Key dates applicable to the process were:

- **August 2018** – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2019/20 MTREF;
- **November 2018** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;
- **11 to 25 January 2019** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2019** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement;
- **28 February 2019** - Council considers the 2018/19 Mid-year Review and Adjustments Budget;

- **February 2019** - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2018/19 MTREF is revised accordingly;
- **29 March 2019** - Tabling in Council of the draft 2019/20 IDP and 2019/20 MTREF for public consultation;
- **April 2019** – The draft 2019/20 MTREF as tabled before Council on 29 March 2019 for community consultation was published on the municipality's website, and hard copies have been made available at customer care offices, municipal notice boards and various libraries;
- **7 May 2019** - Closing date for written comments;
- **9 to 20 May 2018** – finalisation of the 2019/20 IDP and 2019/20 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **30 May 2019** - Tabling of the 2019/20 MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

This is the second review IDP for the 2018 – 2022 financial period which will be adopted by Council in May 2018. It started in August 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/19 MTREF.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2018/19 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2019/20 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2018/19 Departmental Service Delivery and Budget

Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019/20 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019/20 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
 - Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2017/18 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
 - The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 90 and 91 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The 2019/20 MTREF as tabled before Council on 30 May 2019 for community consultation will be published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries. E-mail notifications will be sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

The 2018/19 MTREF as tabled before Council on 30 May 2019 for community consultation was published on the municipality's website, and hard copies will be made available at customer care offices, municipal notice boards and various libraries;

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2018/19 Financial Year	2019/20 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Umsobomvu principles through a caring, accessible and accountable service	4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service
5. Good governance, Financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity; ○ Provide water; ○ Provide sanitation; ○ Provide waste removal; ○ Provide housing; ○ Provide roads and storm water; ○ Provide Municipality planning services; and ○ Maintaining the infrastructure of the Municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the Municipality;
 - Ensuring planning processes function in accordance with set timeframes; ○ Facilitating the use of labour-intensive approaches in the delivery of services and the building of infrastructure.

3.1 Fight poverty and build clean, healthy, safe and sustainable communities:

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
 - Ensuring all waste water treatment works are operating optimally;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 Integrated Social Services for empowered and sustainable communities ○ Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

4. Foster participatory democracy and Umsobomvu principles through a caring, accessible and accountable service by: ○ Optimising effective community participation in the ward committee system; and ○ Implementing Umsobomvu in the revenue management strategy.

5.1 Promote sound governance through:

- Publishing the outcomes of all tender processes on the municipal website

5.2 Ensure financial sustainability through:

- Reviewing the use of contracted services
- Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5.3 Optimal institutional transformation to ensure capacity to achieve set objectives ○ Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

- Developing dormant areas;
- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and • Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area-based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2019/2020 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table

29 MBRR Table SA4 Reconciliation between the IDP strategic objectives and budgeted revenue

NC072 Umsobomvu - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												

Table

Basic Services	Provision & maintenance of infrastructure & basic services	1											
				10	665	3			1	1	2 709	11 379	11 914
		1	174						092	092			
		5			2								
	PUBLIC WORKS	6											
	WORKSHOP	1		50	15				30	30	25 759	17 209	18 149
	HOUSING SERVICES	1	384		706				128	128	25 750	28 062	31 738
	WATER TREATMENT WORKS	3	349	14	738	15	15 413	1 092	834	834			
	WATER SEWERAGE	3											
	WASTE WATER TREATMENT WORKS	4		6	7				6	6	6 715	6 968	7 354
	WASTE WATER TREATMENT WORKS	2	773		453				493	493	49 128	43 661	46 683
	WASTE WATER TREATMENT WORKS			33	34		19 212	26 531	384	384			
	WASTE WATER TREATMENT WORKS		486		968		9 021	19 413					
Municipal Institutional Development and Transformation													
	SOLID WASTE	2					6 567	6 812					
	ELECTRICITY	1					39 157	37 593					
	REFUSE DUMP	3									77	82	82
		1							50	50	10	11	11
		2		3	3						490	017	569
		8		902	341				9	9			
	Social Services	9		5	1				989	989			
		1							6	6	6	6	6
		5		1 543	1 901		3 900		1 480	1 480	1 480	1 649	1 649
		8				9	45	9					
	PARKS & RECREATION		326	23	5	7		92	32	32	34	36	38
	TRAFFIC SERVICES		309	859	3	6	1	6	375	375	396	419	443
Local Economic Development				8	8				11	11			
	MUSEUM	3	361	881			30	32	280	280	11 957	12 674	13 434
	LIBRARIES						316	333					
	CEMETERIES					10	06	10					
	PROPERTY SERVICES					0		4					
Municipal Financial Viability and Management													
	ASSESSMENT RATES	1											
		7											
	Tourism			3	3				8	8			
			988	215					434	434	8 520	8 626	8 676
Good Governance and Public Participation													
	LED AND IDP	1					7 779	7 930					
		7											
	To effectively manage the revenue and	1											
		7		29	30				44	44			
		7	229		508				665	665	49 894	54 078	58 741
							39 760	44 259					
		2											
		1	10	34		69		39	39	39	42	44	47

Table

-

	expenditure FINANCE												
	Council												
	MAYOR												
	COUNCIL												
	EXPENSES												
	MUNICIPAL												
	MANAGER												
	CORPORATE												
	SERVICE												
	Allocations to other priorities												
Total Revenue (excluding capital transfers and contributions)			162 839	129 293	424	162	111	166	171 281	171 281	192 955	195 906	210 522

30 MBRR Table SA5 Reconciliation between the IDP strategic objectives and budgeted operating expenditure

Table

NC072 Umsobomvu - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Re f	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												

Table

Basic Services	Provision & maintenance of infrastructure & basic services	1	17	13	13	12 487	992	12	12	14	14	15 039
		1	276	734	221	505	722	722	580	720		
		5	412	468	473	2 747	735	2	2 794	846		902
		5	578	791	847	1 230	362	1	1 515	628	1	1 738
	PUBLIC WORKS	6						1	362	4	4	
	WORKSHOP	1							662	766		4 836
	HOUSING SERVICES	1	32	25	27	26 196	708	25	708	27	27	
	WATER TREATMENT	3	14	9	11	11 893	157	12	12 839	218	13	23 282
	WORKS	3	016	863	666				931	208		13 276
	WATERS	4										
	WATER	2	11	5	9	9 434	530	9	9	9	9	
	SEWERAGE	2	25	27	26	26 989	532	28	28 102	352	34	9 569
Municipal Institutional Development and Transformation	WASTE WATER TREATMENT WORKS	2	542	674	038				180	003		36 089
	SOLID WASTE	1										
	ELECTRICITY	2	932	55	7	3 067	109	3	109	3	3	
	REFUSE DUMP	8	2	3	3	9 694	770	9	9 397	596	9	3 798
		9	140	16	737				363	598		10 597
		5	515	566	605	625	647	647				
	Social Services	8	209	1 60	4	1 480	987	1	1 712	742		777
Local Economic Development		1	441	969	790	1 840	842	1	1 242	364	2	2 513
	PARKS & RECREATION	3	641	38	317	4 589	640	3	3 815	864	4	915
	TRAFFIC SERVICES		7	972	825	2 975	975	2	2 533	836		5 109
Municipal Financial Viability and Management			024						005	010	2	2 070
	MUSEUM											
	LIBRARIES	1										
	CEMETERIES	7										
	PROPERTY SERVICES								265	210		207
	ASSESSMENT RATES											
Good Governance and Public Participation	Tourism	1	789	10	16	978	18 895	20	20			
	LED AND IDP	1		150			129	129		22	22	
	To effectively manage the	1	2	3	3	3 395	092	4	4			
		7	858	510	205				256	561		22 919

Table

revenue and expenditure functions of the municipality	FINANCE		8	7	8		9	9	3	3	
			016	890	851	9 195	303	303	751	981	4 240
			2	1	3	3	2	2	10	11	
			012	854	19	3 487	984	984	726	409	12 040
			7	4	4	9	4	4	5	4	8
			249	997	04	5 137	668	668	64	56	5 202
								5	4	5	5
								16	42		5 914
Council											
MAYOR											
COUNCIL											
EXPENSES											
MUNICIPAL											
MANAGER											
CORPORATE											
SERVICE											
Allocations to other priorities											
Total Expenditure			147 957	130 644	150 296	155 860	158 883	158 883	174 649	178 309	181 032

31 MBRR Table SA6 Reconciliation between the IDP strategic objectives and budgeted capital expenditure

Table
NC072 Umsobomvu - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
				R thousand								
Basic Services	Provision & maintenance of infrastructure & basic services	1			3 260	17 371		5 908	5 908		11 287	11 823
	PUBLIC WORKS	6		957	33 57	65 000	4 000	10 000	10 000	2 617		
	WORKSHOP HOUSING SERVICES	1									18 000	21 000
	WATER TREATMENT WORKS	3		298	162	19 635	781 000	3 836	3 836	9 416	1 920	2 026
	WATER SEWERAGE TREATMENT WORKS	4		052	5					16 320		
	SOLID WASTE ELECTRICITY REFUSE DUPM	8			4 691							
	SOLID WASTE ELECTRICITY REFUSE DUPM	9				250	200			260		
	PARKS & RECREATION	17										
	TRAFFIC SERVICES	3					142			200		
	MUSEUM LIBRARIES CEMETERIES	7		383	4					640		
Local Economic Development	PROPERTY SERVICES				2 967			1 535	1 535			
	ASSESSMENT RATES	17				510	3					
Municipal Financial	Tourism											
	LED AND IDP	17										
		17	3									
		17	1				535	1				

Table

Viability and Management	To effectively manage the revenue and expenditure functions of the municipality		515					1 595		
Good Governance and Public Participation	FINANCE		20							
	Council		219					188		
	MAYOR									
	COUNCIL EXPENSES									
	MUNICIPAL MANAGER									
	CORPORATE SERVICE									
		16								
Allocations to other priorities										
Total Capital Expenditure			214 008	26 379	40 732	25 657	31 486	31 486	41 236	34 849

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

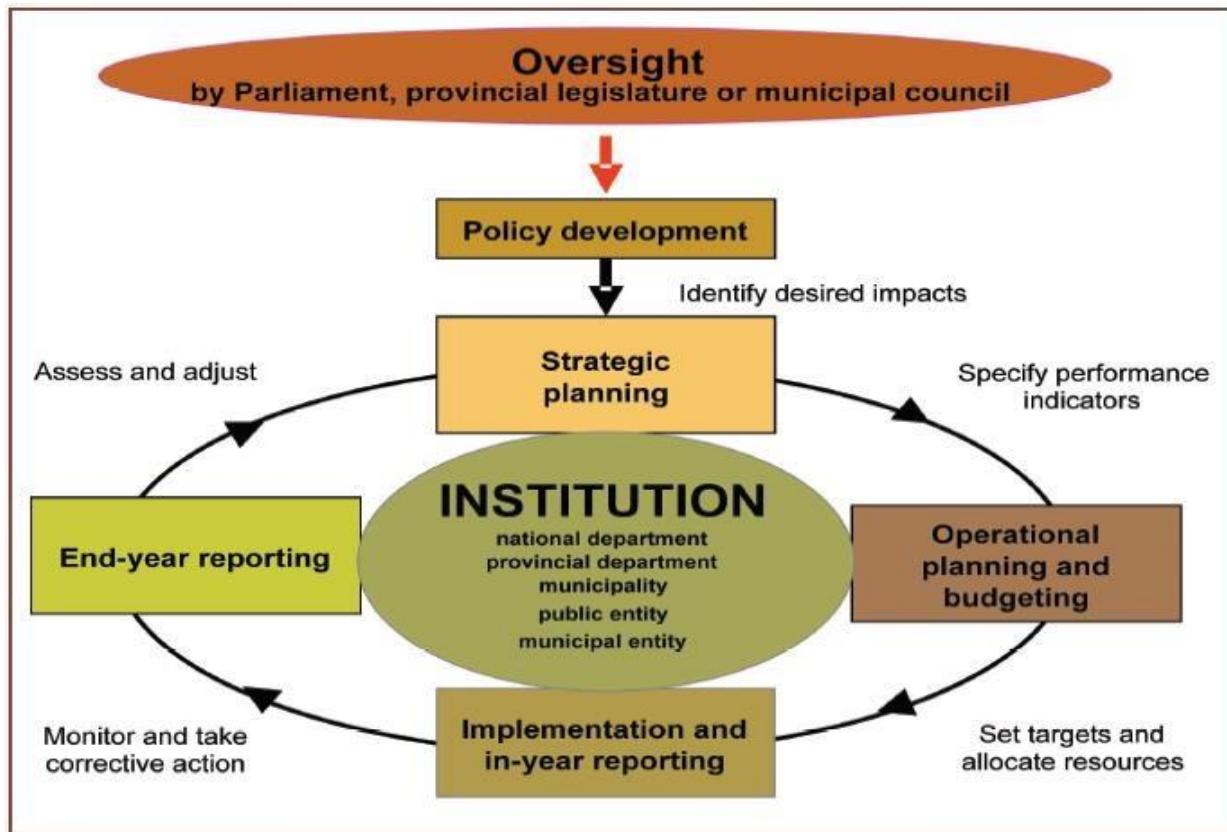


Figure 4 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

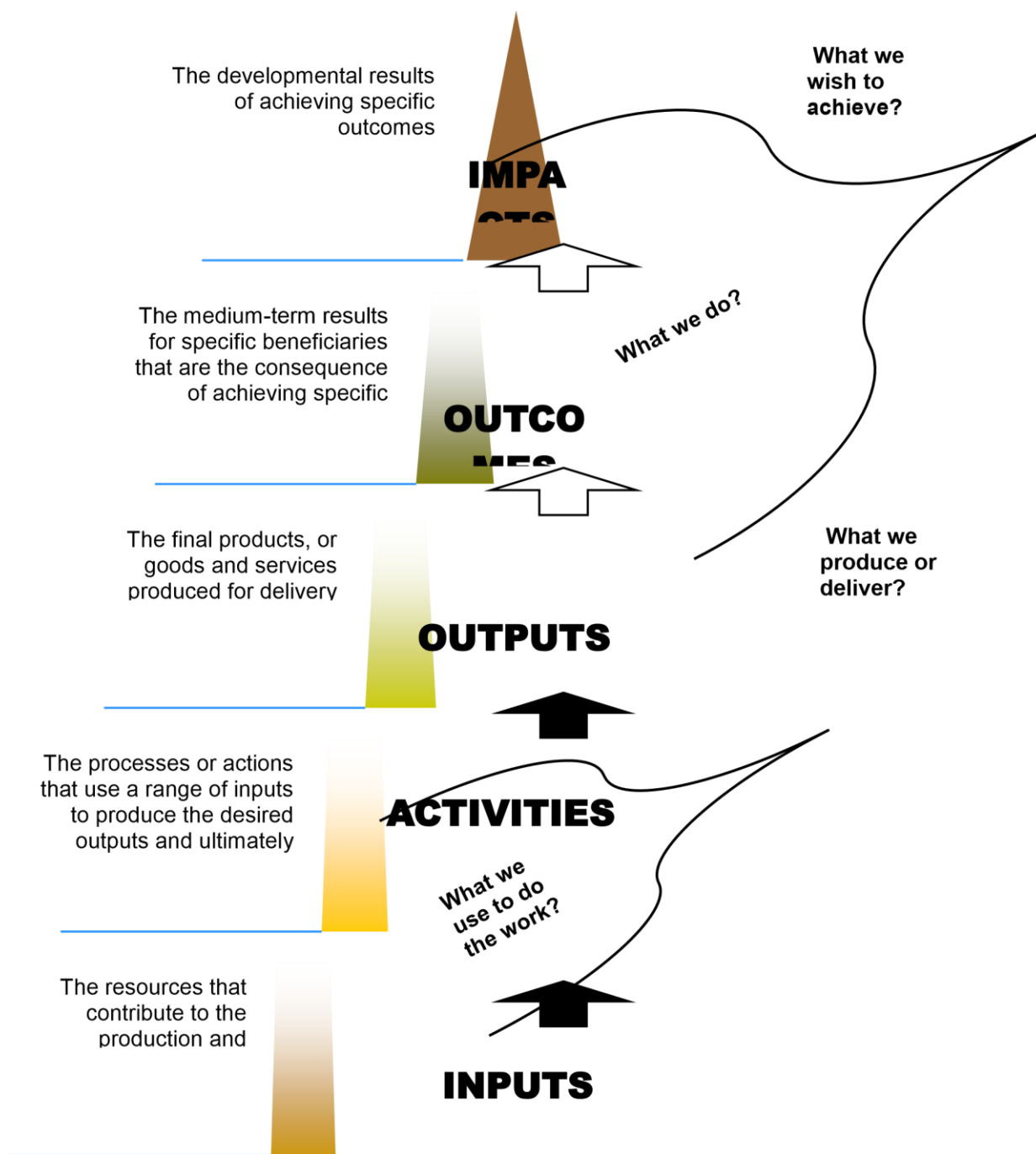


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 32 MBRR Table SA7 - Measurable performance objectives

NC072 Umsobomvu - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Council										
Council and Municipal Manager										
Council	Annual report and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Annual performance reporting	Approval of adjustments	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of adjustments budget	No of section 79	400.0%	400.0%	400.0%	4.00	4.00	4.00	4.00	4.00	4.00
Effective functioning of committee system	No of MPAC meetings	400.0%	400.0%	400.0%	4.00	4.00	4.00	4.00	4.00	4.00
Effective functioning of MPAC	No of ward committee	1200.0%	1200.0%	1200.0%	12.00	12.00	12.00	12.00	12.00	12.00
Effective functioning of ward committees	Approval of final budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Approval of final budget										
Mayor										
Approval of SDBIP	Approval of SDBIP before	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Municipal Manager	Reviewed and approved	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Functional Internal Audit unit	No of meetings of the	400.0%	400.0%	400.0%	4.00	4.00	4.00	4.00	4.00	4.00
Functional performance audit committee	%implementation of anti-									
Improved good governance	No of performance	400.0%	400.0%	400.0%	4.00	4.00	4.00	4.00	4.00	4.00
Institutional performance management system	No of compliance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Municipality comply with all relevant legislation										
Finance										
Finance										
Clean Audit	% of Root causes of %	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	of total conditional	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Preparation of financial statements	Financial statements	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Updated indigent register for the provision of	Updated indigent register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improvement in conditional grant spending-	% of conditional capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
New financial system	% procurement of new	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Improved revenue collection	% debt recovery rate	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Effective Supply Chain Management System	No of tenders	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Reduce section 32 expenditure	Value less < than R5m	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Asset Management	Compliance with GRAP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Corporate Services										
Corporate Services										
Sub-function 1 - (name)										
Reaching of employment equity targets										
Targeted skills development	% Target reached as per	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Effective labour relations	The % of budget spent on	100.0%	100.0%	100.0%	100.0% 4.00	100.0% 4.00	100.0% 4.00	100.0% 4.00	100.0% 4.00	100.0% 4.00
Effective and update HR policies	No of LLF meetings	400.0%	400.0%	400.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Revision of all HR	100.0%	100.0%	100.0%						
Local Economic Development	IDP reviewed annually	100.0%	100.0%	100.0%						
Reviewed IDP	Value of contracts signed									
Enhancement of economic development	No of temporary jobs	1000.0%	1000.0%	1000.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Employment through job creation initiatives					10.00	10.00	10.00	10.00	10.00	10.00
Community Services	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Maintenance of halls and facilities										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										

Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Technical Services										
Roads and Stormwater										
Sub-function 1 - (name)	% of conditional capital grants spent(All funding)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Improvement in conditional grant spending-Capital</i>	% of maintenance budget on municipal roads spent	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Maintenance of municipal roads</i>	Kilometres of roads	200.0%	200.0%	200.0%	2.00	2.00	2.00	2.00	2.00	2.00
<i>Maintenance of municipal roads (Reseal)</i>	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Maintenance of refuse removal services</i>	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Maintenance of sanitation services</i>	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Maintenance of water assets</i>	No of new water	10000.0%	10000.0%	10000.0%	100.00	100.00	100.00	100.00	100.00	100.00
<i>New water connections</i>	No of meters replaced									
<i>Replacement of existing water meters</i>	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Maintenance of electricity network</i>	No of new electricity	10000.0%	10000.0%	10000.0%	100.00	100.00	100.00	100.00	100.00	100.00
<i>New electricity connections</i>	No of electricity meters	1000.0%	1000.0%	1000.0%	10.00	10.00	10.00	10.00	10.00	10.00
<i>Replacement of existing electricity meters</i>	% of maintenance budget	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Maintenance of stormwater services</i>										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

Table 33 MBRR Table SA8 - Performance indicators and benchmarks

NC072 Umsobomvu - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Borrowing Management	Interest & Principal Paid /Operating Expenditure								0.0%	0.0%	0.0%
Credit Rating	Finance charges & Repayment of borrowing /Own Revenue								0.0%	0.0%	0.0%

MAY 2019 Page 81

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Umsobomvu Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2019/20 MTREF:

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is 0 per cent in 2019/20 as the municipality has finally met its financial obligation in the 2018/19 financial year.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is zero per cent which substantiates the above-mentioned statement that the Municipality has met its financial obligation.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has raised mainly amortising loans over the past five years, hence effectively 'front-loading' its debt service costs.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical for in order for the municipality to remain financially viable.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long-term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2019/20 MTREF the current ratio is 3.65, 4.19 and 6.20 for the two outer years of the MTREF. The municipality needs to seriously implement it credit control as this shows that the outstanding debtors of the municipality are extremely high.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a

shortage in cash to meet creditor obligations. For the 2019/20 financial year the ratio is 1.29 and as part of the financial planning strategy it has been stabilized at 1.65 in the 2020/21 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the Municipality.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.3.1.6 Other Indicators

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/2020 financial year 1735 registered indigents have been provided for in the budget with this figured remaining the same throughout the MTREF. In terms of the Municipality's indigent policy registered households are entitled to 6kl fee water, 50 kwh of electricity, sanitation and free waste removal equivalent to removal once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the

free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 44.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Municipality is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The total water supply of is extracted and treated by the municipality, from rivers and boreholes.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
- Shortage of skilled personnel makes proper operations and maintenance difficult;
- Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
- There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

- Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
- The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training programme, especially for operational personnel;
- The Electricity Division is to install dedicated power supply lines to the plants; and
- The Division is working in consultation with the Department of Water Affairs to address catchment management.

2.4 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2018 is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt and include a 60/40 collection on all prepaid sales, where 60% will go to the consumer and 40% to the outstanding debt. In addition, emphasis will be placed on speeding up the indigent

registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

The 2019/20 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 77 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, a payment incentive scheme has been implemented and has delivered significant results in the recovery of older debt.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in March 2019. An amended policy will be considered by Council in due course of which the amendments have been extensively consulted on.

2.4.5 Budget Policy

The Budget Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative

framework of the MFMA and the Municipality's system of delegations. The Budget Policies was adopted by Council in March 2019.

2.4.6 Cash Management and Investment Policy

The Municipality's Cash Management and Investment Policy was adopted by Council in March 2019. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy was adopted in March 2018.

2.4.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2019/2020 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

- Approved 2018/19 Adjustments Budget;
- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

- Property Rates Policy;
- Funding and Reserves Policy;
- Borrowing Policy;
- Budget Policy; and

- Basic Social Services Package (Indigent Policy).

2.5 Overview of budget assumptions

2.5.1 External factors

Domestically, after five years of strong growth, during which about 400 jobs were created, our economy shrank by an estimated 1.8 per cent last. It is expected that recovery from this deterioration will be slow and uneven, and that growth for 2019 will be .5 per cent rising to .7 per cent by 2022.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019/20 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 33 per cent of total operating expenditure in the 2019/20 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

[Table 34 Credit rating outlook](#)

No credit rating has been done by the Municipality

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for Umsobomvu Municipality the 2019/2020 MTREF is based on the fact that we have paid off all our loans in 2018/19.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (77 per cent) of annual billings. Cash flow is assumed to be 77 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

According to the collective agreement salaries/wages will increase by 6.5 per cent in the 2019/20 financial year.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2019/20 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Expenditure by type	Current year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
	Original	Adjusted	Full year	Budget year	% Increase	Budget year +1	Budget year +2
	Budget	Budget	Forecast	2019/2020	(Decrease)	2020/2021	2021/2022
Employee Related Costs	53 559 816.00	54 349 503.00	54 349 503.00	57 789 525.00	6.33%	61 244 060.00	64 908 011.00
Remuneration of Councillors	4 129 563.00	4 129 563.00	4 129 563.00	4 397 986.00	6.50%	4 661 865.00	4 941 577.00
Debt Impaired	11 387 767.00	11 387 767.00	11 387 767.00	11 387 766.00	0.00%	11 387 766.00	11 387 766.00
Depreciation & Asset Impairment	25 827 264.00	25 827 264.00	25 827 264.00	31 138 647.00	20.57%	29 504 291.00	23 621 849.00
Finance Charges	-	-	-	-	-	-	-
Bulk Purchases	21 948 017.00	23 300 000.00	23 300 000.00	27 890 750.00	19.70%	28 703 103.00	30 842 320.00
Other Materials	-	-	-	-	-	-	-
Contacted Services	1 191 016.00	1 191 016.00	1 191 016.00	1 274 387.00	7.00%	1 363 594.00	1 459 046.00
Transfers and Grants	-	-	-	-	-	-	-
Other Expenditure	37 797 354.00	38 677 804.00	38 677 804.00	40 749 900.00	5.36%	41 424 639.00	43 851 383.00
Loss on Disposable PPE	20 000.00	20 000.00	20 000.00	20 000.00	0.00%	20 000.00	20 000.00
Total Expenditure	155 860 797.00	158 882 917.00	158 882 917.00	174 648 961.00	9.92%	178 309 318.00	181 031 952.00

The following graph is a breakdown of the operational revenue per main category for the 2019/20 financial year.

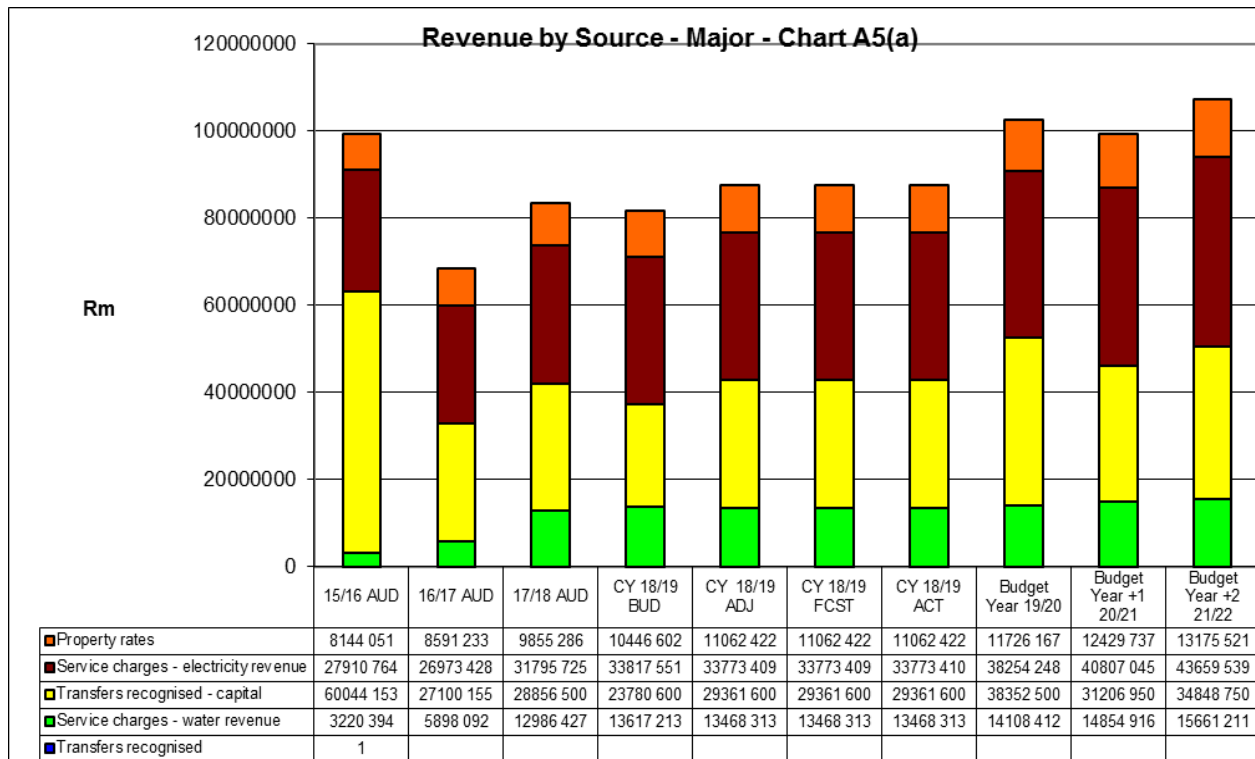


Figure 6 Breakdown of operating revenue over the 2019/20 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 77 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2019/20 MTREF on the different revenue categories are:

Table 36 Proposed tariff increases over the medium-term

Table 36 Proposed Tariff Increase Over The Medium-term							
Revenue Category	2019/20 Proposed Tariff Increase	2020/21 Proposed Tariff Increase	2021/22 Proposed Tariff Increase	2019/20 Additional Revenue for Each 1% Tariff Increase	2020/21 Additional Revenue Owing To 1% Tariff Increase	2021/22 Total Budgeted Revenue	
	%	%	%	R'000	R'000	R'000	
Property Rates	6.00%	6.00%	6.00%	R 664	R 704	R 746	
Sanitation	6.00%	6.00%	6.00%	R 569	R 605	R 646	
Solid Waste	6.00%	6.00%	6.00%	R 201	R 230	R 363	
Water	6.00%	6.00%	6.00%	R 640	R 747	R 806	
Electricity	13.07%	7.00%	7.00%	R 481	R 553	R 853	2
Total				R 555	R 839	R 414	5

Revenue to be generated from property rates is R 11.726 million in the 2019/20 financial year and increases to R 13.176 million by 2021/22 which represents 7.59 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

The Municipality is still in a process of further data verification and validation relating to the valuation roll. As the levying of property rates is considered a strategic revenue source a general valuation process was undertaken in the 2014/15 financial year. The outcome of this initiative is closely monitored and reported on a regular basis as part of the quarterly performance reporting.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R79.388 million for the 2019/20 financial year and increasing to R89.639 million by 2021/22. For the 2019/20 financial year services charges amount to 51.35 per cent of the total revenue base and decreases by 0.21 and 0.11 per cent per annum over the medium-term. This decrease can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants and subsidies amount to R53.501 million, R57.815 million and R62.449 million for each of the respective financial years of the MTREF, or 34.61, 35.10 and 35.55 per cent of operating revenue. The percentage of the total operational grants and transfers in relation to the

total operating revenue is increasing owing to the increases in revenue relating to services charges.

Investment revenue contributes marginally to the revenue base of the Municipality.

The tables below provide detail investment information and investment particulars by maturity.

Table 37 MBRR SA15 – Detail Investment Information

NC072 Umsobomvu - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Parent municipality	1									
Securities - National Government		6		1	1	1	1	2	2	3
Listed Corporate Bonds		292	837	115	518	518	518	088	658	228
Deposits - Bank										
Deposits - Public										
Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase		6		1	1	1	1	2	2	3
Agreements - Banks		292	837	115	518	518	518	088	658	228
Municipal Bonds										
Municipality sub-total										
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public										
Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
		-	-	-	-	-	-	-	-	-

Repurchase Agreements - Banks										
Entities sub-total										
Consolidated total:		6	1	1	1	1	2	2	3	
	292	837	115	518	518	518	088	658	228	

Table 38 MBRR SA16 – Investment particulars by maturity

NC072 Umsobomvu - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
1	Yrs/Months													
Parent municipality														
CAPITAL REPLACEMENT 1					variable					87	4			91
HOUSING DEVELOPMENT					variable					160	8			168
HOUSING DEVELOPMENT					variable									
CAPITAL REPLACEMENT 4					variable					25	1			26
CAPITAL REPLACEMENT					variable					163	9			172
CAPITAL REPLACEMENT 5					variable					14	1			15
CAPITAL REPLACEMENT 6					variable					584	34			618
										484	514	(6 000)	6 000	998
Municipality sub-total										1 518		(6 000)	6 000	2 088
Entities														
														-
														-
														-
														-
														-
														-
Entities sub-total										-		-	-	-
TOTAL INVESTMENTS AND INTEREST										1 518		(6 000)	6 000	2 088

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 39 Sources of capital revenue over the MTREF

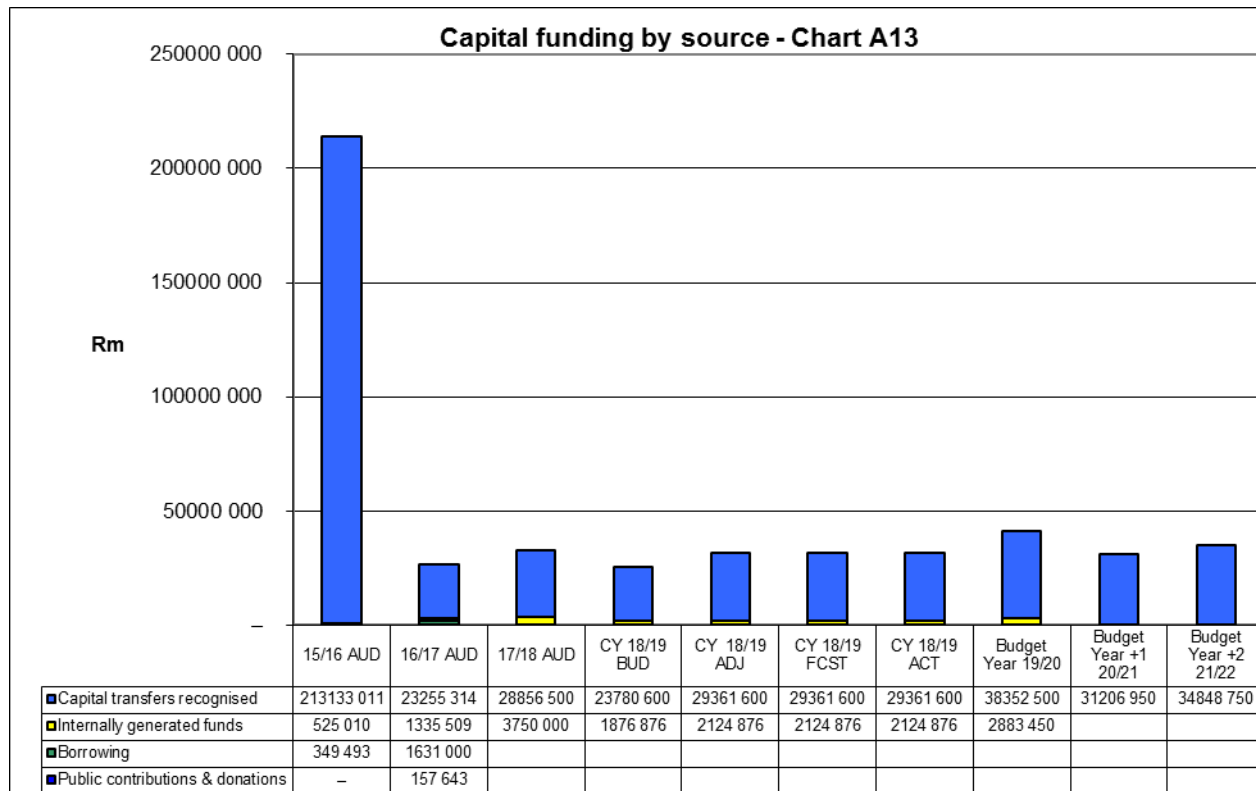


Figure 7 Sources of capital revenue for the 2019/20 financial year

Capital grants and receipts equates to 93.01 per cent of the total funding source which represents R38.353 million for the 2019/20 financial year and decrease to R34.849 million by 2021/22. Grants are decreasing by 9.14 per cent over the medium-term.

Borrowing still remains an insignificant funding source for the capital programme over the medium-term. As explained earlier, the borrowing capacity of the Municipality has no intentions of borrowing capital over the MTREF.

The following table is a detailed analysis of the Municipality's borrowing liability.

Table 40 MBRR Table SA 17 - Detail of borrowings

NC072 Umsobomvu - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock		1	2							
Instalment Credit		256	367	979						
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total										
		1	2		-	-	-	-	-	-
Entities	1	256	367	979						
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total		-	-	-	-	-	-	-	-	-
	1									
Total Borrowing	1	1	2		-	-	-	-	-	-
		256	367	979						

Unspent Borrowing - Categorised by type										
Parent municipality	1									
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
		-	-	-	-	-	-	-	-	-
	1									

Municipality sub-total										
Entities										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total										
Total Unspent Borrowing	1	-	-	-	-	-	-	-	-	-

The following graph illustrates the decrease in outstanding borrowing for the 2015/16 to 2021/22 period.

Figure 8 Growth in outstanding borrowing (long-term liabilities)

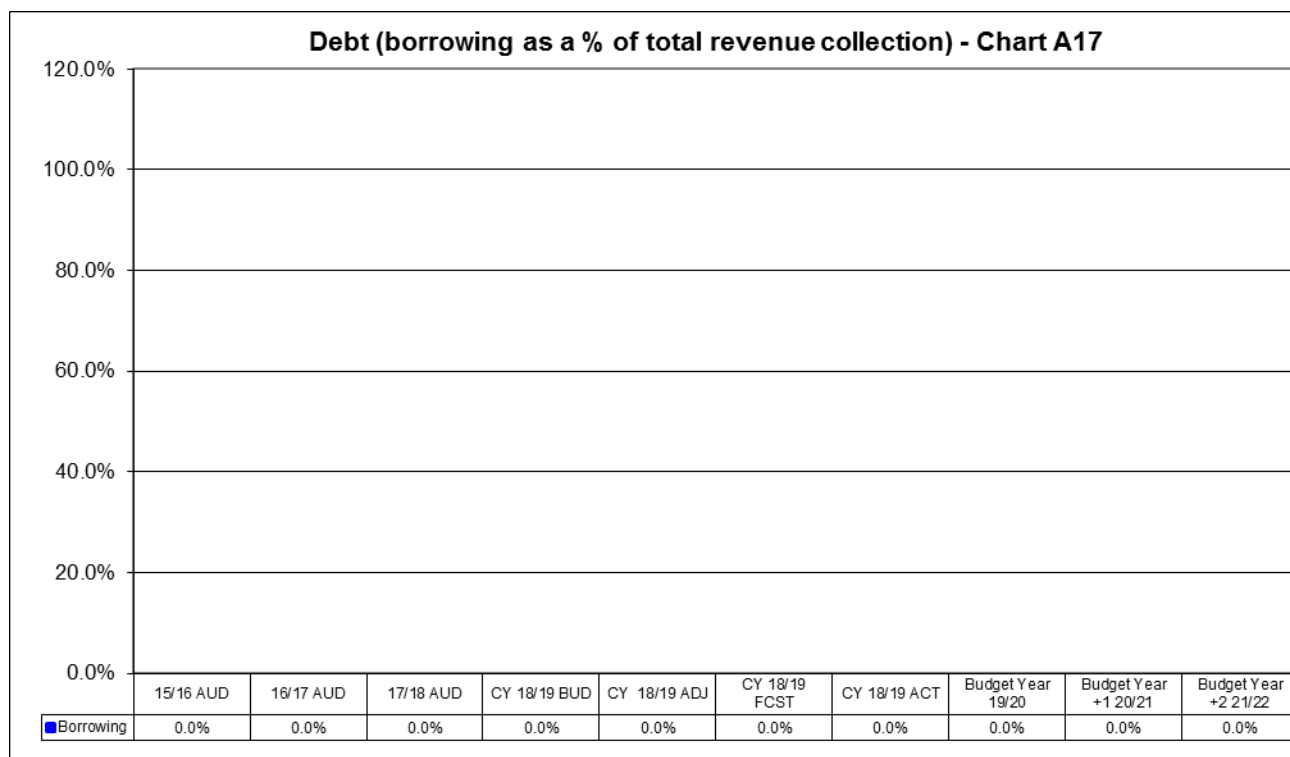


Table 41 MBRR Table SA 18 - Capital transfers and grant receipts

NC072 Umsobomvu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>		37	38	43	47	46	46	52	56	60
National Government:		803	483	409	796	796	796	022	167	801
Local Government Equitable Share		34	36	39	44	44	44	49	53	58
931		658	760	259	259	259	259	477	603	209
Finance Management		1	1	1	1	1	1	1	1	1
MIG ADMIN - PMU		932	825	900	970	970	970	970	970	970
EPWP Incentive				749	567	567	567			
Municipal Systems Improvement				1 000	1 000			575	594	622
Integrated National Electrification Programme		940	–			–	–			
Other transfers/grants [insert description]			–							
Provincial Government:		1	1	1	1	1	1	1	1	1
542		900	679	479	479	479	479	479	648	648
Sport and Recreation		1	1	1	1	1	1	1	1	1
542		900	679	479	479	479	479	479	648	648
Other transfers/grants [insert description]										
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	39	40	45	49	48	48	53	57	62
		345	383	088	275	275	275	501	815	449
<u>Capital Transfers and Grants</u>										
National Government:		59	25	28	23	29	29	38	31	34
338		375	857	781	362	362	362	353	207	849
Municipal Infrastructure Grant (MIG)		13	10	18	10	10	10	10	11	11
237		989	222	781	781	781	781	916	287	823
Integrated National Electrification Programme		1 184	38	6 635	3 000	3 836	3 836	10	1 920	2 026
Water Services Operating Subsidy Electricity		3	6	000	10 000	10 000	10 000	000	18 000	21 000
Effecience Demand Grant		242	554			3	320			
Regional Bulk Infrastructure		39 547	6		745	745				
EPWP Incentive		2 128	840		000	000	1	1		
			954				117			
Provincial Government:		–	1	–	–	–	–	–	–	–
568										
Other capital transfers/grants [insert description]			1							
		568								

District Municipality:		-	-	-	-	-	-	-	-	-
<i>[insert description]</i>										
Other grant providers:		706	158	-	-	-	-	-	-	-
<i>[insert description]</i>		449	158							
		257								
Total Capital Transfers and Grants	5	60 044	27 100	28 857	23 781	29 362	29 362	38 353	31 207	34 849
TOTAL RECEIPTS OF TRANSFERS & GRANTS		99 389	67 483	73 944	73 056	77 637	77 637	91 853	89 022	97 298

2.6.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words, the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 42 MBRR Table A7 - Budget cash flow statement

NC072 Umsobomvu - Table A7 Budgeted Cash Flows

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
		R thousand									
CASH FLOW FROM OPERATING ACTIVITIES									9	9	10
Receipts									381	944	540
Property rates		254	242	870	357	407	407	407	52 361	55 604	257
Service charges		16 349	25 430	39 401	47 392	46 667	46 667	46 667	15	16	17
Other revenue		21	10	15	14	15	15	15	923	609	281
Government - operating		520	574	549	507	303	303	303	53	57	62
Government - capital		57	42	45	49	48	48	48	501	815	449
Interest		164	925	088	275	275	275	275	38	31	34
Dividends		41	30	28	23	29	29	29	353	207	849
Payments		802	437	857	781	362	362	362	2 978	3 129	3 289
Suppliers and employees	1	2 707	2 967	2 434	2 796	2 796	2 796	2 796	-	-	-
Finance charges	1								(122	(127	(135
Transfers and Grants									249)	130)	126)
		(80	(96	(104	(115	(121	(121	(121	-	-	-
		910)	228)	671)	741)	648)	648)	648)	-	-	-
		(1	(1	(119)					-	-	-
	1	814)	152)						-	-	-

NET CASH FROM/(USED) OPERATING ACTIVITIES	66 072	23 194	35 408	30 367	29 162	29 162	29 162	50 248	47 177	52 539
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		175						–	–	–
Decrease (Increase) in non-current debtors								–	–	–
Decrease (increase) other non-current receivables								–	–	–
Decrease (increase) in non-current investments								–	–	–
Payments										
Capital assets	(64 579)	(26 363)	(34 622)	(25 657)	(31 486)	(31 486)	(31 486)	– (41 236)	– (31 207)	– (34 849)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(64 579)	(26 188)	(34 622)	(25 657)	(31 486)	(31 486)	(31 486)	(41 236)	(31 207)	(34 849)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		1						–	–	–
Borrowing long term/refinancing		631	170	140	140	140	140	–	–	–
Increase (decrease) in consumer deposits								–	–	–
Payments										
Repayment of borrowing	(693)	(770)	(979)					135	120	123
NET CASH FROM/(USED) FINANCING ACTIVITIES	(693)	861	(809)	140	140	140	140	135	120	123
NET INCREASE/ (DECREASE) IN CASH HELD	800	(2 134)	4 (24)	(2 184)	(2 184)	(2 184)	(2 184)	9 147	16 090	17 813
Cash/cash equivalents at the year begin:	448	19	17	17	17	17	17	14 906	24	40
Cash/cash equivalents at the year end:	248	114	091	940	906	906	906	053	143	955

The approved 2019/2020 MTREF provide for a further net increase in cash of R9.157 million for the 2019/20 year resulting in an overall projected positive cash position of R24.063 million at year end.

2.6.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 86 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small

surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 43 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC072 Umsobomvu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available		18	19	17	29	17	17	17	21	29	41
Cash/cash equivalents at the year end	1	448	248	114	943	091	091	091	989	273	642
Other current investments > 90 days		(0)	(0)	(0)	0	0	0	0	1	1	1
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		18	19	17	29	17	17	17	21	29	41
		448	248	114	943	091	091	091	990	274	642
Application of cash and investments		9	-	-	-	-	-	-	-	-	-
Unspent conditional transfers		715	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements		-	-	-	-	-	-	-	-	-	-
Other working capital requirements		-	-	-	-	-	-	-	-	-	-
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed		-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		(15)	28	25	(95)	(85)	(85)	(85)	(10)	(13)	(17)
		929	741	406	645	620	620	620	280	961	637
	2	-	-	-	-	-	-	-	-	-	-
	3	-	-	-	-	-	-	-	-	-	-
	4	-	-	-	-	-	-	-	-	-	-
	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(6)	28	25	(95)	(85)	(85)	(85)	(10)	(13)	(17)
		214	741	406	645	620	620	620	280	961	637
Surplus(shortfall)		24	(9)	(8)	125	102	102	102	32	43	59
		661	493	292	588	711	711	711	269	235	279

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 86 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding

compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 44 MBRR SA10 – Funding compliance measurement

NC072 Umsobomvu Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Funding measures			19	17								
Cash/cash equivalents at the year end - R'000			248 (10 658)	114 (9 846)	17 091 102	21 940 32	14 906 25	14 906 25	14 906 25			
Cash + investments at the yr end less applications - R'000			2.2 14 513	2.4 (1 351)	2.0 12 128	2.5 10 250	1.6 12 398	1.6 12 398	1.6 12 398			
Cash year end/monthly			N.A.	1.1%	14.0%	(0.5%)	(6.7%)	(6.0%)	(6.0%)			
employee/supplier payments			67.4%	64.6%	72.6%	76.0%	75.6%	75.6%	75.6%			
Surplus/(Deficit) excluding depreciation offsets: R'000			58.6%	19.7%	16.4%	15.5%	15.6%	15.6%	15.6%			
			30.2%	99.9%	85.0%	100.0%	100.0%	100.0%	100.0%			
			0.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Service charge rev			N.A.	33.7%	488.4%	(79.9%)	0.0%	0.0%	0.0%			
% change - macro			N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
CPIX target			0.5%	0.6%	0.9%	0.6%	0.7%	0.7%	0.9%			
exclusive			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%			
Cash receipts % of Ratepayer & Other revenue												
Debt impairment expense as a % of total billable revenue												
Capital payments % of capital expenditure	18(1)b	1								24 053	40 143	57 955
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)b	2								76	114	
Grants % of Govt. legislated/gazetted allocations	18(1)b	3								49 395	106	
Current consumer debtors % change - incr(decr)	18(1)	4								2.4	5.3	
Long term receivables % change - incr(decr)	18(1)a,(2)	5								17	29	
	18(1)a,(2)	6								18 306	490	
	18(1)c;19	8								3.0%	0.1%	0.4%
	18(1)a,(2)	7								77.3%	77.3%	77.3%
	18(1)c	9								14.3%	13.5%	12.7%
	20(1)(vi)	13								100.0%	100.0%	100.0%
	20(1)(vi)	14								0.0%	0.0%	0.0%

R&M % of Property Plant & Equipment Asset renewal % of capital budget												
---	--	--	--	--	--	--	--	--	--	--	--	--

Supporting indicators											
% incr total service charges (incl prop rates)											
	18(1)a		7.1%	20.0%	5.5%	(0.7%)	0.0%	0.0%	9.0%	6.1%	6.4%
% incr Property Tax	18(1)a		5.5%	14.7%	6.0%	5.9%	0.0%	0.0%	6.0%	6.0%	6.0%
% incr Service charges - electricity revenue	18(1)a		(3.4%)	17.9%	6.4%	(0.1%)	0.0%	0.0%	13.3%	6.7%	7.0%
% incr Service charges - water revenue	18(1)a		83.1%	120.2%	4.9%	(1.1%)	0.0%	0.0%	4.8%	5.3%	5.4%
% incr Service charges - sanitation revenue	18(1)a		12.4%	(8.4%)	4.3%	(6.5%)	0.0%	0.0%	6.8%	6.7%	6.8%
% incr Service charges - refuse revenue	18(1)a		9.2%	(11.5%)	3.6%	(4.9%)	0.0%	0.0%	3.3%	3.6%	5.5%
% incr in	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a	54 081	57 900	69 473	73 310	72 833	72 833	72 833	79 388	84 225	89 639
Service charges		54 081	57 900	69 473	73 310	72 833	72 833	72 833	79 388	84 225	89 639
Property rates		8 144	8 591	9 855	10 447	11 062	11 062	11 062	11 726	12 430	13 176
Service charges - electricity revenue		27 911	26 973	31 796	33 818	33 773	33 773	33 773	38 254	40 807	43 660
Service charges - water revenue		3 220	5 898	12 986	13 617	13 468	13 468	13 468	14 108	14 855	15 661
Service charges - sanitation revenue		8 355	9 393	8 600	8 968	8 387	8 387	8 387	8 956	9 561	10 207
Service charges - refuse removal		6 450	7 044	6 235	6 461	6 142	6 142	6 142	6 343	6 573	6 936
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		759	357	276	291	333	333	333	351	371	391
Capital expenditure excluding capital grant funding		875	2 967	11 876	1 877	2 125	2 125	2 125	2 883	-	-
Cash receipts from ratepayers	18(1)a	47 123	44 245	63 820	70 256	70 377	70 377	70 377	77 665	82 157	87 078
Ratepayer & Other revenue	18(1)a	69 955	68 508	87 948	92 495	93 084	93 084	93 084	100 532	106 314	112 654
Change in consumer debtors (current and non-current)		54 104	5 200	100 796	(97 030)	(97 030)	(97 030)	(97 030)	17 321	18 330	19 470
Operating and Capital Grant Revenue	18(1)a	92 346	60 332	73 944	73 056	77 637	77 637	77 637	91 853	89 022	97 298
Capital expenditure - total	20(1)(vi)	214 008	26 379	40 732	25 657	31 486	31 486	31 486	41 236	31 207	34 849
Capital expenditure - renewal	20(1)(vi)	-	-	-	-	-	-	-	-	-	-
Supporting benchmarks											
Growth guideline maximum											
CPI guideline		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
DoRA operating grants total MFY		4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA capital grants total MFY											
Provincial operating grants											
Provincial capital grants											
District Municipality grants											
Total gazetted/advised national, provincial and district grants											
Average annual collection rate (arrears inclusive)									-	-	-
DoRA operating											

List operating grants											
									-	-	-
DoRA capital											
List capital grants											
									-	-	-
Trend											
Change in consumer debtors (current and non-current)											

Capital Expenditure												
Total Capital Programme (R'000)												
Asset Renewal			214 008 –	26 379 23 255	40 732 –	25 657 23 781	31 486 29 362	31 486 29 362	31 486 29 362	41 236 38 353	31 207 31 207	34 849 34 849
Asset Renewal % of Total Capital Expenditure			0.0%	88.2%	0.0%	92.7%	93.3%	93.3%	93.3%	93.0%	100.0%	100.0%
Cash												
Cash Receipts % of Rate Payer & Other												
Cash Coverage Ratio			67.4% 0	64.6% 0	72.6% 0	76.0% 0	75.6% 0	75.6% 0	75.6% 0	77.3% 0	77.3% 0	77.3% 0
Borrowing												
Credit Rating (2009/10)												
Capital Charges to Operating			1.7%	2.1%	0.7%	0.0%	0.0%	0.0%	0.0%	0 0.0%	0.0%	0.0%
Borrowing Receipts % of Capital Expenditure			0.0%	55.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)												
			(10 658)	(9 846)	102 361	32 269	25 100	25 100	25 100	49 395	76 441	114 106
Free Services												
Free Basic Services as a % of Equitable Share												
Free Services as a % of Operating Revenue (excl operational transfers)			0.0% 0.0%	0.0% 0.0%	17.3% 0.3%	0.0% 8.8%	0.0% 10.3%	0.0% 10.3%	0.0% 10.3%	20.8% 0.3%	21.0% 0.3%	20.6% 0.3%
High Level Outcome of Funding Compliance												
Total Operating Revenue												
Total Operating Expenditure			102 795 147 957	102 193 130 644	133 568 150 296	142 330 155 861	141 919 158 883	141 919 158 883	141 919 158 883	154 602 174 649	164 699 178 309	175 673 181 032
Surplus/(Deficit) Budgeted Operating Statement			(45 162)	(28 451)	(16 728)	(13 530)	(16 964)	(16 964)	(16 964)	(20 047)	(13 610)	(5 359)
Surplus/(Deficit) Considering Reserves and Cash Backing			(10 658)	(9 846)	102 361	32 269	25 100	25 100	25 100	49 395	76 441	114 106
MTREF Funded (1) / Unfunded (0)	15	0	0	1	1	1	1	1	1	1	1	1
MTREF Funded □ / Unfunded ×	15	×	×	□	□	□	□	□	□	□	□	□

2.6.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium-term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short-term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2019/20 MTREF shows R24.053 million, R40.143 million and R57.955 million for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the

cash backed reserves/surpluses is contained in Table 14, on page 36. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2019/20 MTREF the municipalities improving cash position causes the ratio to move upwards. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months' coverage. This measure will have to be carefully monitored going forward.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2019/20 MTREF the indicative outcome is a surplus of R18.306 million, R17.597 million and R29.490 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above, it can be seen that the percentage growth totals 0.5 and remains the same throughout the MREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6 per cent, with the increase in electricity at 6.88 per cent it is to be expected that the increase in revenue will not exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 77 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 77 per cent performance target, the cash flow statement has been conservatively determined. In addition, the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 14.35, 13.14 and 12.74 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. Further details relating to the borrowing strategy of the Municipality can be found on page 67.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors

and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtors' accounts within 30 days.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 44 MBRR SA34C on page 91.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 45 MBRR SA34b on page 92.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 45 MBRR SA19 - Expenditure on transfers and grant programmes

NC072 Umsobomvu - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		37	38	43	47	46	46	52	56	60
Local Government Equitable Share		803	483	409	796	796	796	022	167	801
Finance Management		34	36	39	44	44	44	49	53	58
MIG ADMIN - PMU		931	658	760	259	259	259	477	603	209
EPWP Incentive		1 932	1 825	1 900	1 970	1 970	1 970	1 970	1 970	1 970
Municipal Systems Improvement				749	567	567	567	575	594	622
Integrated National Electrification Programme			—	1 000	1 000					
Other transfers/grants [insert description]		940	—			—	—			

Provincial Government: Sport and Recreation	1	1	1	1	1	1	1	1	1
	542	900	679	479	479	479	479	648	648
	1	1	1	1	1	1	1	1	1
	542	900	679	479	479	479	479	648	648
Other transfers/grants [insert description]									
District Municipality: [insert description]	-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants	39	40	45	49	48	48	53	57	62
	345	383	088	275	275	275	501	815	449
Capital expenditure of Transfers and Grants									
	59	25	28	23	29	29	38	31	34
National Government:	338	375	857	781	362	362	353	207	849
Municipal Infrastructure Grant (MIG)	13	10	18	10	10	10	10	11	11
Integrated National Electrification Programme	1		6	3	3	3	10	1	2
Water Services Operating Subsidy Electricity	184	38	635	000	836	836	000	920	026
Efficiency Demand Grant			4	10	10	10	16	18	21
Regional Bulk Infrastructure	3	6							
	242	554							
	39	6			3	3			
	547	840			745	745			
EPWP Incentive	2				1	1	1		
	128	954			000	000	117		
Provincial Government:	-	1	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]		568							
		1							
		568							
District Municipality: [insert description]	-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]	706	158	-	-	-	-	-	-	-
	449	158							
	257								
Total capital expenditure of Transfers and Grants	60	27	28	23	29	29	38	31	34
	044	100	857	781	362	362	353	207	849
TOTAL EXPENDITURE OF TRANSFERS AND GRANT	99	67	73	73	77	77	91	89	97
	389	483	944	056	637	637	853	022	298

Table 46 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**NC072 Umsobomvu - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds**

Description R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		37 803	38 483	43 409	47 796	46 796	46 796	52 022	56 167	60 801
Current year receipts		37 803	38 483	43 409	47 796	46 796	46 796	52 022	56 167	60 801
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year		1	1	1	1	1	1	1	1	1
Current year receipts		542	900	679	479	479	479	479	648	648
Conditions met - transferred to revenue		1	1	1	1	1	1	1	1	1
Conditions still to be met - transferred to liabilities		542	900	679	479	479	479	479	648	648
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue										
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		39 345	40 383	45 088	49 275	48 275	48 275	53 501	57 815	62 449
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		59 338	25 375	28 857	23 781	29 362	29 362	38 353	31 207	34 849
Current year receipts		59 338	25 375	28 857	23 781	29 362	29 362	38 353	31 207	34 849
Conditions met - transferred to revenue										

Conditions still to be met - transferred to liabilities									
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Other grant providers:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue									
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	59	25	28	23	29	29	38	31	34
	338	375	857	781	362	362	353	207	849
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE	98	65	73	73	77	77	91	89	97
	684	758	944	056	637	637	853	022	298
TOTAL TRANSFERS AND GRANTS - CTBM	-	-	-	-	-	-	-	-	-

2.8 Councillor and employee benefits

Table 47 MBRR SA22 - Summary of councillor and staff benefits

NC072 Umsobomvu - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Othe	1									
Basic Salaries and Wages		2 700	2 994	3 194	3 417	3 417	3 417	3 639	3 858	4 089
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance		186	166	177	190	190	190	202	214	227
Cellphone Allowance		209	269	488	523	523	523	557	590	625
Housing Allowances										
Other benefits and allowances Sub										
Total - Councillors		3 095	3 429	3 859	4 130	4 130	4 130	4 398	4 662	4 942
% increase	4		10.8	12.6	7.0	%	-	6.5	%	6.0
Senior Managers of the Municipality	2									
Basic Salaries and Wages		3 431	3 660	3 626	5 109	5 109	5 109	5 400	5 767	6 113
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus	3	457	389		806	806	806	847	910	964
Motor Vehicle Allowance	3	834	457	548	648	623	623	648	623	623
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances										
Payments in lieu of leave										
Long service awards										

Post-retirement benefit obligations	6	4 729	4 513	4 183	6 563	6 538	6 538	6 895	7 300	7 701
Sub Total - Senior Managers of Municipality	4		(4.6%)	(7.3%)	56.9	(0.4%)	-	5.5 %	5.9 %	5.5 %
% increase					%					
Other Municipal Staff		24 184	25 803	31 448	33 802	34 392	34 392	36 431	38 596	40 935
Basic Salaries and Wages		4 196	4 440	5 583	6 072	6 104	6 104	6 524	6 920	7 340
Pension and UIF Contributions		758	1 863	1 667	1 028	1 060	1 060	1 288	1 365	1 448
Medical Aid Contributions		459		1 902	2 035	2 035	2 035	2 167	2 299	2 439
Overtime			393					858	910	964
Performance Bonus		7			76	76	76	55		86
Motor Vehicle Allowance	3		372	377					428	
Cellphone Allowance	3	372	386	658	404	401	401	408	895	449
Housing Allowances	3	367	1 752	2 662	737	813	813	844	1 760	949
Other benefits and allowances	3	1 732			2 234	2 322	2 322	1 670		1 867
Payments in lieu of leave			(1 204)	609					688	
Long service awards		(470)			609	609	609	649		729
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff	4	32 604	34 472	44 199	46 997	47 812	47 812	50 895	53 944	57 207
% increase			5.7 %	28.2 %	6.3 %	1.7 %	-	6.4 %	6.0 %	6.0 %
Total Parent Municipality		40 428	42 414	52 241	57 689	58 479	58 479	62 188	65 906	69 850
Board Members of Entities			4.9 %	23.2 %	10.4 %	1.4 %	-	6.3 %	6.0 %	6.0 %
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities	4	-	-	-	-	-	-	-	-	-
% increase										
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities	4	-	-	-	-	-	-	-	-	-
% increase										
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities	4	-	-	-	-	-	-	-	-	-
% increase										
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		40 428	42 414	52 241	57 689	58 479	58 479	62 188	65 906	69 850
% increase	4		4.9%	23.2%	10.4%	1.4%	-	6.3%	6.0%	6.0%
TOTAL MANAGERS AND STAFF	5,7	37 333	38 985	48 382	53 560	54 350	54 350	57 790	61 244	64 908

Table 48 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)

NC072 Umsobomvu - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

MAY 2019

Page 113

NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers

NC072 Umsobomvu - Supporting Table SA24 Summary of personnel numbers

Page 114

<i>Finance</i>	7								
<i>Spatial/town planning</i>		1	11	– 7	18	1		18	1
<i>Information Technology</i>									
<i>Roads</i>		18				11			11
<i>Electricity</i>									
<i>Water</i>									
<i>Sanitation</i>									
<i>Refuse</i>									
<i>Other</i>		11	9	2	11	9	2	11	9
Technicians									2
<i>Finance</i>									
<i>Spatial/town planning</i>									
<i>Information Technology</i>									
<i>Roads</i>									
<i>Electricity</i>									
<i>Water</i>		–		–					
<i>Sanitation</i>		–	–	–					
<i>Refuse</i>									
<i>Other</i>									
Clerks		–	–	–					
(Clerical and administrative)		–	–	–					
Service	9	–	–	–					
and sales		–	–	–					
workers	6, 10	11	–	2		9			9
Skilled	8, 10		–		11			11	
agricultural and	10	13	9	3		14			14
fishery workers	8, 10		10		14		2	14	
Craft and related	10	35		4		31	– 4		2
trades			31		35		4	35	– 4
Plant and Machine Operators		–	–	–					
Elementary Occupations		7	–	–		7			7
		89	86	3	89	86	– 3	7	– 3
TOTAL PERSONNEL NUMBERS		199	172	27	201	176	25	201	176
									25

% increase				1.0%	2.3%	(7.4%)	–	–	–
Total municipal employees headcount									
Finance personnel headcount									
Human Resources personnel headcount	34	31	3	39	33	6	39	33	6
	165	141	24	162	143	19	160	143	19

2.9 Monthly targets for revenue, expenditure and cash flow [Table](#)

[50 MBRR SA25 - Budgeted monthly revenue and expenditure](#)

NC072 Umsobomvu - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source																
Property rates																
Service charges - electricity revenue																
Service charges - water revenue		3 413	772	755	749	740	749	723	760	758	916	690				
Service charges - sanitation revenue		3 866	3 219	2 833	2 705	2 607	3 037	2 705	2 325	2 018	3 721	3 247		11 726	12 430	13 176
Service charges - refuse revenue		1 098	815	752	1 133	1 259	2 036	2 197	2 098	915	577	627		38 254	40 807	43 660
Rental of facilities and equipment		746	746	746	746	746	746	746	746	746	746	746	701	14 108	14 855	15 661
Interest earned - external investments		529	529	529	529	529	529	529	529	529	529	529	5 969	8 956	9 561	10 207
Interest earned - outstanding debtors													601	6 343	6 573	6 936
Dividends received		21	19	37	21	34	47	25	28	17	47	29	747	351	371	391
Fines, penalties and forfeits		29	45	48	50	46	47	49	49	50	51	52	528	570	570	570
Licences and permits		185	583	230	105	445	185	464	78	230	223	231	28	3 345	3 554	3 776
Agency services		—	667	—	567	—	579	—	778	—	672	—	572	—	—	—
Transfers and subsidies		189	199	211	155	197	250	281	166	204	207	295	54	7	8	8
Other revenue		29	21	29	29	29	29	29	29	29	29	29	377	743	134	543
Gains on disposal of PPE		710				18 246				13 544			648	2 644	2 777	2 916
		45	53	51	3 617	40	41	61	78	62	186	2 396	292	359	377	396
Total Revenue (excluding capital transfers and														46	815	849
Expenditure By Type														701	876	992
Employee related costs													—	—	—	—
Remuneration of councillors		32 528	7 587	6 786	10 415	25 695	8 573	8 382	7 457	19 772	7 903	9 442	10 062	154 602	164 699	175 673
Debt impairment																
Depreciation & asset impairment		4 717	4 812	4 817	4 768	4 764	4 907	4 822	4 851	4 883	4 778	4 708	4 962	57 790	61 244	64 908
Finance charges		367	367	367	367	367	367	367	367	367	367	367	366	4 398	4 662	4 942
Bulk purchases		949	949	949	949	949	949	949	949	949	949	949	949	11 388	388	11 388
Other materials		2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	2 152	7 464	31 139	29 504	23 622
Contracted services													5	27	28	30
Transfers and subsidies		1 838	2 848	2 872	1 532	1 552	1 550	1 686	1 587	1 433	2 539	2 521	934	891	703	842
Other expenditure													—	1	1	1
Loss on disposal of PPE		106	106	106	106	106	106	106	106	106	106	106	107	274	364	459
Total Expenditure		1 737	3 674	2 733	3 509	4 305	2 866	2 626	5 548	2 821	2 192	3 214	—	5	40	43
													525	750	425	851
													20	20	20	20
Surplus/(Deficit)		11 866	14 908	13 996	13 383	14 195	12 896	12 708	15 560	12 711	13 082	14 017	25 327	174 649	178 309	181 032
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		20 662	(7 321)	(7 209)	(2 967)	11 499	(4 324)	(4 326)	(8 103)	7 061	(5 179)	(4 575)	(15 264)	(20 047)	(13 610)	(5 359)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		15 560				13 082				9 711			—	38 353	31 207	34 849
Transfers and subsidies - capital (in-kind - all)													—	—	—	—
													—	—	—	—
		36 222	(7 321)	(7 209)	(2 967)	24 582	(4 324)	(4 326)	(8 103)	16 772	(5 179)	(4 575)	(15 264)	18 306	17 597	29 490

51

Surplus/(Deficit) after capital transfers & contributions													-	-	-	-
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	36 222	(7 321)	(7 209)	(2 967)	24 582	(4 324)	(4 326)	(8 103)	16 772	(5 179)	(4 575)	(15 264)	18 306	17 597	29 490

96

Table MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC072 Umsobomvu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																
Vote 1 - EXECUTIVE & COUNCIL													(16)	49	54	58
Vote 2 - FINANCE & ADMIN														894	078	741
Vote 3 - COMMUNITY SERVICES		20	3	3		16	3			12				20	21	22
Vote 4 - TECHNICAL SERVICES		089	900		225	884	903	4	5	535	12	1	149	914	762	600
Vote 5 - [NAME OF VOTE 5]		4 322		900	4 121	1 548	1 127	869	922	1 398	200	2 963		12	12	13
Vote 6 - [NAME OF VOTE 6]		1	777		806	1	6			1	889	918	967	086	788	343
Vote 7 - [NAME OF VOTE 7]		463	5 906	788	5 264	482	540	864	750	257	5 803	5 412	46 596	110 060	107 278	115 838
Vote 8 - [NAME OF VOTE 8]		6		5 095		5		6 645	5 780	4			-	-	-	-
Vote 9 - [NAME OF VOTE 9]		655				781				582			-	-	-	-
Vote 10 - [NAME OF VOTE 10]													-	-	-	-
Vote 11 - [NAME OF VOTE 11]													-	-	-	-
Vote 12 - [NAME OF VOTE 12]													-	-	-	-
Vote 13 - [NAME OF VOTE 13]													-	-	-	-
Vote 14 - [NAME OF VOTE 14]													-	-	-	-
Vote 15 - [NAME OF VOTE 15]													-	-	-	-
Total Revenue by Vote																
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE & COUNCIL		32	7	6	10	25	8	8	7	19	7	9				
Vote 2 - FINANCE & ADMIN		528	587	786	415	695	573	382	457	772	903	442				

52

[illegible]

97

Table MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

NC072 Umsobomvu - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional																
Governance and administration		24 411	903	903	4 346	18 432	906	873	927	13 932	1 211	3 112	852 (16)	70 809	75 840	81 341
Executive and council		20 089	3	3	225	16 884	3	4	5	12 535	12	149	869 –	49 894	54 078	58 741
Finance and administration		4 322	900	900	4 121	1 548	903	869	922	1 398	1 200	2 963	961	20 914	21 762	22 600
Internal audit														– 12	– 12	– 13
													(2)	086 1	788 1	343 1

53

Community and public safety	1 465	777	788	806	1 484	1 127	864	750	1 259	889	918	0	519	690	692		
	602	0	0	21	506	0	0	1	376	1	14	963	77	10	82	11	
	1	1	1	42	0	0	1	1	1	2	28	—	490	017	569	569	
	863	776	787	743	978	1 126	863	748	882	885	876	—	—	—	—	—	
	Housing											4	—	—	—	—	
	Health											4	—	—	—	—	
	Economic and environmental services											43 957	2 709	11 379	11 914	11 914	
	Planning and development	1 064	2	3	36	895	4	3	3	664	5	25	16 067	709	379	914	914
	Road transport												10 200	—	107	95	103
	Environmental protection	1 064	2	3	36	895	4	3	3	664	5	25	17 120	351	49	899	924
	Trading services											570	128	43 661	683	683	
	Energy sources	6 662	5 905	5 092	5 226	5 785	6 536	6 643	5 777	4 586	5 798	5 386	—	25 759	17 209	18 149	18 149
	Water management	3 915	3 372	2 893	2 733	2 723	3 087	2 825	2 347	2 079	3 780	3 307	—	25 750	28 062	31 738	31 738
	Waste water management	1 425	1 109	866	1 186	1 676	2 128	2 427	2 136	1 175	687	742	6 715	—	6 968	7 354	7 354
	Waste management	772	830	779	764	809	772	811	757	779	778	780	—	—	—	—	—
	Other	549	593	554	544	577	549	579	537	554	553	556					
	Total Revenue - Functional																
Expenditure - Functional	33 601	7 587	6 787	10 414	26 596	8 573	8 382	7 457	20 441	7 903	9 441	45 774	192 955	195 906	210 522	210 522	
Governance and administration	10 963	9 683	13 393	46 709	11 662	11 211	9 809	35 430	11 696	12 911		5 989	54 251	55 195	57 494	57 494	
Executive and council												2	016	19 041	20 246	21 482	
Finance and administration	3 650	4 617	4 169	4 520	4 899	4 270	4 120	5 531	4 239	3 893	4 354	3	973	35 210	34 949	36 012	
Internal audit	1 257	1 639	1 460	1 602	1 754	1 496	1 440	2 002	1 484	1 352	1 539	—	—	—	—	—	
Community and public safety	2 393	2 978	2 709	2 917	3 145	2 774	2 680	3 529	2 754	2 542	2 815	1 679	18	18	20	20	
Community and social services												152	045	3	791	338	
Sport and recreation	1 234	1 566	1 415	1 531	1 659	1 454	1 398	1 877	1 442	1 319	1 471	299	770	969	205	4	
Public safety												1 099	129	3 397	3 596	3 798	
Housing	306	335	324	331	340	330	323	361	329	315	324	—	2 764	9 363	9 598	10 597	
Health	269	285	280	281	285	286	280	296	284	275	277	265	2 499	1 515	1 628	1 738	
Economic and environmental services	536	819	685	793	907	710	670	1 090	702	605	747	—	14 909	15	15	16	
Planning and development	122	127	126	125	126	128	126	130	128	124	124	6 347	640	777	148	148	
Road transport												5 847	265	15	210	15	
Environmental protection	1 066	1 202	1 141	1 187	1 239	1 158	1 135	1 329	1 153	1 102	1 162	1 790	374	566	941	15	
Trading services												926	—	86	88	87	
Energy sources												—	714	547	052	052	
Water management	1 066	1 202	1 141	1 187	1 239	1 158	1 135	1 329	1 153	1 102	1 162	—	32 180	34 003	36 089	36 089	
Waste water management												—	32 501	31 984	28 118	28 118	
Waste management	5 915	7 521	7 270	6 144	6 396	6 013	6 054	6 820	5 876	6 767	7 028	—	12 931	13 208	13 276	13 276	
Other	2 128	3 162	3 140	1 931	1 987	1 923	2 034	2 082	1 811	2 803	2 832	9 102	—	9 352	9 569	9 569	
Total Expenditure - Functional	2 165	2 562	2 411	2 436	2 567	2 347	2 309	2 780	2 329	2 295	2 453						
	954	1 030	998	1 021	1 048	1 010	994	1 099	1 006	975	1 005						
	668	767	722	756	794	733	717	859	730	693	738						
	11 865	14 906	13 995	13 381	14 193	12 895	12 707	15 557	12 710	13 081	14 015	25 342	174 649	178 309	181 032	181 032	
Surplus/(Deficit) before assoc.	21 735	(7 320)	(7 208)	(2 967)	12 403	(4 323)	(4 325)	(8 100)	7 731	(5 178)	(4 574)	20 432	18 306	17 597	29 490	29 490	
Share of surplus/ (deficit) of associate												—	—	—	—	—	
Surplus/(Deficit)	1	21 735	(7 320)	(7 208)	(2 967)	12 403	(4 323)	(4 325)	(8 100)	7 731	(5 178)	(4 574)	20 432	18 306	17 597	29 490	

54

Table MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)
NC072 Umsobomvu - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE & COUNCIL			3	1	2	2		4	3	3	4	4	-	-	-	-
Vote 2 - FINANCE & ADMIN			165	070	326	666	525	004	783	658	762	342	-	1 595	-	-
Vote 3 - COMMUNITY SERVICES																
Vote 4 - TECHNICAL SERVICES																
Vote 5 - [NAME OF VOTE 5]				3			3						2	38	-	-
Vote 6 - [NAME OF VOTE 6]				754			670						222	353	31 207	34 849
Vote 7 - [NAME OF VOTE 7]																
Vote 8 - [NAME OF VOTE 8]																
Vote 9 - [NAME OF VOTE 9]																
Vote 10 - [NAME OF VOTE 10]																
Vote 11 - [NAME OF VOTE 11]																
Vote 12 - [NAME OF VOTE 12]																
Vote 13 - [NAME OF VOTE 13]																
Vote 14 - [NAME OF VOTE 14]																
Vote 15 - [NAME OF VOTE 15]																
Capital multi-year expenditure sub-total	2	-	3	4	2	2	4	4	3	3	4	4				
		165	824	326	666	195	004	783	658	762	342					

55

Single-year expenditure to be appropriated				640	50	410	188						222	2	948	39	207	31	849	34
Vote 1 - EXECUTIVE & COUNCIL														-		-		-		-
Vote 2 - FINANCE & ADMIN														-	188			-		-
Vote 3 - COMMUNITY SERVICES														-	1 100			-		-
Vote 4 - TECHNICAL SERVICES														-				-		-
Vote 5 - [NAME OF VOTE 5]														-				-		-
Vote 6 - [NAME OF VOTE 6]														-				-		-
Vote 7 - [NAME OF VOTE 7]														-				-		-
Vote 8 - [NAME OF VOTE 8]														-				-		-
Vote 9 - [NAME OF VOTE 9]														-				-		-
Vote 10 - [NAME OF VOTE 10]														-				-		-
Vote 11 - [NAME OF VOTE 11]														-				-		-
Vote 12 - [NAME OF VOTE 12]														-				-		-
Vote 13 - [NAME OF VOTE 13]														-				-		-
Vote 14 - [NAME OF VOTE 14]														-				-		-
Vote 15 - [NAME OF VOTE 15]														-				-		-
Capital single-year expenditure sub-total														-				-		-
	2	-	-	640	50	410	188	-	-	-	-	-	-	-	1	-	-	-	-	-
Total Capital Expenditure	2	-	3	5	2	3	4	4	3	3	4	4	2	2	41	31	34	236	207	849

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1			1			713									
Governance and administration		-	-	070	-	-	713	-	-	-	-	-			-	-
Executive and council															-	-
Finance and administration				1											-	-
Internal audit				070			713								-	-
Community and public safety															-	-
Community and social services		-	-	640	50	410	-	-	-	-	-	-		1	-	-
Sport and recreation														783	-	-
Public safety				640	50	410								-	-	-
Housing													-	1 783	-	-
Health													-	-	-	-
Economic and environmental services													-	1 100	-	-
Planning and development													-	-	1	-
Road transport		-	209	236	157	183	196	236	288	301	340	314	-	050	-	-
Environmental protection													-	50	-	-
Trading services													-	-	-	-
Energy sources			209	236	157	183	196	236	288	301	340	314	-	-	-	-
Water management													-	-	11 287	11 823
Waste water management		-	2	3	2	2	3	3	3	3	4	4	-	2 617	-	-
Waste management		-	956	519	169	482	474	769	495	357	422	028	157	-	11 287	11 823
Other				1			1	1			1		-	2 617	-	-
			900	200	580	690	300	450	780	610	100	970	157	-	35	19 920
				850			950	850			1200	1 100	-	2 617	-	23 026
			750	1 469	610	650	1 224	1 469	920	870	2122	1	065	2	10	1 920
			1 306		979	142			1 795	1 877		958			18	2 026
													420	000	-	-
													666	9 416	-	-
													979	16 320	-	-
													-	-	-	-
													-	-	-	-

57

Total Capital Expenditure - Functional	2	–	165 ³	464 ⁵	376 ²	076 ³	383 ⁴	004 ⁴	783 ³	658 ³	762 ⁴	342 ⁴	222 ²	236 ⁴¹	207 ³¹	849 ³⁴
Funded by: National Government Provincial Government District Municipality Other transfers and grants Transfers recognised - capital Borrowing Internally generated funds															31	34
			165 ³	754 ³	326 ²	666 ²	670 ³	004 ⁴	783 ³	658 ³	762 ⁴	342 ⁴	222 ²	353 ³⁸	–	–
														–	–	–
														–	–	–
														–	–	–
		–	165 ³	754 ³	326 ²	666 ²	670 ³	004 ⁴	783 ³	658 ³	762 ⁴	342 ⁴	222 ²	353 ³⁸	207 ³¹	849 ³⁴
														–	–	–
														–	–	–
														–	–	–
														–	–	–
Total Capital Funding		–	165 ³	464 ⁵	376 ²	076 ³	383 ⁴	004 ⁴	783 ³	658 ³	762 ⁴	342 ⁴	222 ²	236 ⁴¹	207 ³¹	849 ³⁴

MAY 2019 Page 100 Table MBRR SA30 - Budgeted monthly cash flow

NC072 Umsobomvu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	R thousand												Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
	July	August	Sept.	October	November	December	January	February	March	April	May	June			
Cash Receipts By Source													1		
Property rates	2 731	618	604	599	592	600	579	608	606	733	552	561	9 381	9 944	10 540
Service charges - electricity revenue	967	805	708	676	652	759 1	676 1	581	505	930	812	24 445	32 516	34 686	37 111
Service charges - water revenue	736	546	504	759	843	364 522	472 522	1 406	613	387	420	403	9 453	9 953	10 493
Service charges - sanitation revenue	522	522	522	522	522	344	344	522	522	522	522	523	6 269	6 692	7 145
Service charges - refuse revenue	344	344	344	344	344			344	344	344	344	343	4 123	4 273	4 508
Rental of facilities and equipment	21	19	37	21	34	47	25	28	17	47	29	28	351	371	391
Interest earned - external investments	29	45	48	50	46		47	49	50	51	52	54	570	570	570
Interest earned - outstanding debtors	133	427	165	75	320	133	334	56	165	160	166	271	2 408	2 559	2 719
Dividends received															
Fines, penalties and forfeits	667	567	567	579	778	877	573	572	672	672	572	648	7 743	8 134	8 543
Licences and permits	189	199	211	155	197	250	281	166	204	207	295	292	2 644	2 777	2 916
Agency services	29 21	29	29	29	29	29	29	29	29	29	29	46	359 53	377 57	396 62
Transfer receipts - operational	710 32	–	–	–	18 246 29	–	–	–	544 45	–	1 725	–	501 4	815 4	449 5
Other revenue		38	37	604		29	44	56		134		52	825	951	034
Cash Receipts by Source	28 110	4 159	3 775	6 412	22 632	5 001	4 927	4 416	17 314	4 215	5 518	27 665	134 144	143 101	152 816

58

Other Cash Flows by Source	15	—	—	—	13 082	—	—	—	9 711	—	—	—	38 353	31 207	34 849
Transfer receipts - capital	560														
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)															
Proceeds on disposal of PPE															
Short term loans												135	135	120	123
Borrowing long term/refinancing															
Increase (decrease) in consumer deposits															
Decrease (Increase) in non-current debtors															
Decrease (increase) other non-current receivables															
Decrease (increase) in non-current investments															
Total Cash Receipts by Source	43	4 159	3 775	6 412	35 714	5 001	4 927	4 416	27 025	4 215	5 518	27 800	172 631	174 428	187 788
Cash Payments by Type	669														
Employee related costs	4 717	4 812	4 817	4 768	4 764	4 907	4 822	4 851	4 883	4 778	4 708		52 011	55 120	58 417
Remuneration of councillors	367	367	367	367	367	367	367	367	367	367	367		4 398	4 662	4 942
Finance charges												(817)			
Bulk purchases - Electricity	1 696	2 628	2 650	1 414	1 433	1 430	1 555	1 464	1 322	2 343	2 326	366	25 891	27 703	29 642
Bulk purchases - Water & Sewer	142	220	222	118	120	120	130	123	111	196	195	—	5 629	2 000	1 200
Other materials												305			
Contracted services	106	106	106	106	106	106	106	106	106	106	106	—	1 274	1 364	1 459
Transfers and grants - other municipalities												107			
Transfers and grants - other												—			
Other expenditure	1	3 674	2 733	3 509	4 305	2 866	2 626	5 548	2 821	2 192	3 214	—	36 675	37 282	39 466
Cash Payments by Type	737											1 450			
Other Cash Flows/Payments by Type	8	11 807	10 895	10 281	11 094	9 795	9 607	12 458	9 610	9 981	10 916	7 040	122 249	127 130	135 126
Capital assets	765														
Repayment of borrowing		3 165	5 464	2 376	3 076	4 383	4 004	3 783	3 658	4 762	4 342	2 222	41 236	31 207	34 849
Other Cash Flows/Payments												—			
Total Cash Payments by Type	8	14 972	16 359	12 658	14 170	14 179	13 611	16 242	13 268	14 743	15 258	9 262	163 485	158 337	169 975
NET INCREASE/(DECREASE) IN CASH HELD	34	(10 813)	(12 584)	(6 245)	21 544	(9 178)	(8 684)	(11 825)	13 758	(10 528)	(9 740)	18 538	9 147	16 090	17 813
Cash/cash equivalents at the month/year begin:	14	49 810	38 998	26 414	20 168	41 712	32 534	23 850	12 025	25 783	15 255	5 515	14 906	24 053	40 143
Cash/cash equivalents at the month/year end:	906	38 998	26 414	20 168	41 712	32 534	23 850	12 025	25 783	15 255	5 515	24 053	24 053	40 143	57 955
	49 810														

2.10 Annual budgets and SDBIPs – internal departments

The final SDBIP is attached

2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 58 MBRR SA 34a - Capital expenditure on new assets by asset class

NC072 Umsobomvu - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Capital expenditure on new assets by Asset Class	1									
Infrastructure		94 563	158	-	-	-	-	-	-	-
Roads Infrastructure		13 905	-	-	-	-	-	-	-	-
Roads		13 905								
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		7 460	-	-	-	-	-	-	-	-
Power Plants		7 460								
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		68 146	158	-	-	-	-	-	-	-
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		68 146	158	-	-	-	-	-	-	-
Pump Station		5 052	-	-	-	-	-	-	-	-
Reticulation		5 052								
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Piers		-	-	-	-	-	-	-	-	-
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Core Layers		-	-	-	-	-	-	-	-	-

<i>Distribution Layers</i>									
<i>Capital Spares</i>									
Community Assets	4 383	-	-	133	133	133	640	-	-
Community Facilities	4 383	-	-	133	133	133	640	-	-
Halls	4 383								
Centres				133	133	133	640		
Crèches									
Clinics/Care Centres									
Fire/Ambulance Stations									
Testing Stations									
Museums									
Galleries Theatres									
Libraries									
Cemeteries/Crematoria									
Police									
Parks									
Public Open Space									
Nature Reserves									
Public Ablution Facilities									
Markets									
Stalls									
Abattoirs									
Airports									
Taxi Ranks/Bus Terminals									
Capital Spares									
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Indoor Facilities									
Outdoor Facilities Capital									
Spares									
Heritage assets	-	-	-	-	-	-	-	-	-
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas Other									
Heritage									
Investment properties	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Improved Property									
Unimproved Property									
Non-revenue Generating									
Improved Property	-	-	-	-	-	-	-	-	-
Unimproved Property									
Other assets									
Operational Buildings Municipal	-	-	-	-	-	-	-	-	-
Offices	-	-	-	-	-	-	-	-	-
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores									
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares Housing									
Staff Housing									
Social Housing Capital	-	-	-	-	-	-	-	-	-
Spares									
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Intangible Assets	25	189	-	1 486	1 486	1 486	1 633	-	-
Servitudes									
Licences and Rights Water									
Rights	25	189	-	1 486	1 486	1 486	1 633	-	-
Effluent Licenses									
Solid Waste Licenses									
Computer Software and Applications									
Load Settlement Software Applications									
Unspecified	25	189		1 486	1 486	1 486	1 633		
Computer Equipment									
Computer Equipment									

		-	-	-	43	43	43	-	-	-
					43	43	43			
Furniture and Office Equipment		555	1 930	-	15	15	15	-	-	-
Furniture and Office Equipment		555	1 930		15	15	15			
Machinery and Equipment		114 330	84	-	-	28	28	200	-	-
Machinery and Equipment		114 330	84			28	28	200		
Transport Assets	Transport Assets	151	764	-	200	420	420	410	-	-
		151	764		200	420	420	410		
Land	Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	214 008	3 124	-	1 877	2 125	2 125	2 883	-	-

59 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset**class****NC072 Umsobomvu - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure										
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Roads		-	-	-	-	-	-	-	-	-
Road Structures Road										
Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance										
Attenuation										
Electrical Infrastructure										
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure										
Dams and Weirs										
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure										
Pump Station										
Reticulation		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities Waste		-	-	-	-	-	-	-	-	-
Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations LV										
Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Piers										
Revetments										
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares		-	-	-	-	-	-	-	-	-

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	0.0%

60 MBRR SA34c - Repairs and maintenance expenditure by asset class

NC072 Umsobomvu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		1 355	1 657	3 001	1 409	1 593	1 593	1 880	1 915	1 915
Roads Infrastructure		433	300	1 390	388	482	482	530	535	535
Roads		433	300	1 390	388	482	482	530	535	535
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		548	795	1 061	721	761	761	900	930	930
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks		548	716	811	571	611	611	750	780	780
LV Networks										
Capital Spares										
Water Supply Infrastructure		-	79	250	150	150	150	150	150	150
Dams and Weirs		172	541	500	250	300	300	350	350	350
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		172	541	500	250	300	300	350	350	350
Pump Station		203	21	50	50	50	50	100	100	100
Reticulation		203	21	50	50	50	50	100	100	100
Waste Water Treatment Works										
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites		-	-	-	-	-	-	-	-	-

Table

Waste Transfer Stations									
Waste Processing Facilities									
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure									
Rail Lines	-	-	-	-	-	-	-	-	-
Rail Structures									
Rail Furniture									
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure									
Sand Pumps	-	-	-	-	-	-	-	-	-
Piers									
Revetments									
Promenades									
Capital Spares									
Information and Communication Infrastructure									
Data Centres									
Core Layers	-	-	-	-	-	-	-	-	-
Distribution Layers									
Capital Spares									

	5	5
	5	5
	5	5
	-	-
	1	1
	-	-
	-	-
	-	-
	-	-
	408	438
	408	438
	400	430

8
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-
103
103
415
415
2 036
2 036
-
-
4 912
0.8%
2.8%

61 MBRR SA34d – Depreciation by asset class

NC072 Umsobomvu - Supporting Table SA34d Depreciation by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Depreciation by Asset Class/Sub-class										
Infrastructure		26 734	26 622	24 169	24 169	24 169	24 169	28 351	27 653	22 552
Roads Infrastructure		7 237	7 559	5 619	5 619	5 619	5 619	6 743	6 496	6 495
Roads		7 237	7 559	5 619	5 619	5 619	5 619	6 743	6 496	6 495
Road Structures										
Road Furniture										
Capital Spares										
Storm water Infrastructure		-	-	-	-	-	-	51	51	51
Drainage Collection										
Storm water Conveyance								51	51	51
Attenuation										
Electrical Infrastructure										
Power Plants		1 288	1 289	1 333	1 333	1 333	1 333	1 332	1 132	1 117

Table

HV Substations	1 288	1 289	1 333	1 333	1 333	1 333	1 332	1 132	1 117
HV Switching Station									
HV Transmission Conductors									
MV Substations									
MV Switching Stations									
MV Networks									
LV Networks									
Capital Spares									
Water Supply Infrastructure									
Dams and Weirs	13 804	13 718	12 764	12 764	12 764	12 764	16 133	15 893	11 081
Boreholes									
Reservoirs									
Pump Stations									
Water Treatment Works									
Bulk Mains									
Distribution									
Distribution Points									
PRV Stations									
Capital Spares							3 210	3 193	3 186
Sanitation Infrastructure									
Pump Station	13 804	13 718	12 764	12 764	12 764	12 764	12 923	12 700	7 894
Reticulation	3 690	3 690	3 692	3 692	3 692	3 692	3 987	3 975	3 703
Waste Water Treatment Works	3 690	3 690	3 692	3 692	3 692	3 692	3 987	3 975	3 703
Outfall Sewers									
Toilet Facilities									
Capital Spares									
Solid Waste Infrastructure									
Landfill Sites									
Waste Transfer Stations	715	365	762	762	762	762	106	106	106
Waste Processing Facilities	715	365	762	762	762	762	106	106	106
Waste Drop-off Points									
Waste Separation Facilities									
Electricity Generation Facilities									
Capital Spares									
Rail Infrastructure									
Rail Lines									
Rail Structures									
Rail Furniture	-	-	-	-	-	-	-	-	-
Drainage Collection									
Storm water Conveyance									
Attenuation									
MV Substations									
LV Networks									
Capital Spares									
Coastal Infrastructure									
Sand Pumps									
Piers									
Revetments	-	-	-	-	-	-	-	-	-
Promenades									
Capital Spares									
Information and Communication Infrastructure									
Data Centres									
Core Layers									
Distribution Layers									
Capital Spares	-	-	-	-	-	-	-	-	-

247	237
247	237
210	207
25	25
2	0
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9	5
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	391
	255
	255

Table

449	41
449	41
-	-
-	-
29 504	23 622

Table 62 MBRR SA34e – Capital expenditure on the upgrading of existing assets by asset class

NC072 Umsobomvu - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1									
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	18 565	–	23 781	29 362	29 362	38 353	31 207	34 849
Roads Infrastructure		–	3 260	–	–	5 908	5 908	2 617	11 287	11 823
Roads			3 260			5 908	5 908	2 617	11 287	11 823
Road Structures Road Furniture										
Capital Spares										
Storm water Infrastructure										
Drainage Collection		–	–	–	–	–	–	–	–	–
Storm water Conveyance										
Attenuation										
Electrical Infrastructure										
Power Plants		–	6 192	–	3 000	3 836	3 836	10 000	1 920	2 026
HV Substations			6 192		3 000	3 836	3 836	10 000	1 920	2 026
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure										
Dams and Weirs										
Boreholes		–	3 456	–	10 781	9 618	9 618	9 416	–	–
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution										
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure										
Pump Station			3 456		10 781	9 618	9 618	9 416		
Reticulation		–	5 657	–	10 000	10 000	10 000	16 320	18 000	21 000
Waste Water Treatment Works			5 657		10 000	10 000	10 000	16 320	18 000	21 000
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure										
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities		–	–	–	–	–	–	–	–	–
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure										
Rail Lines										
Rail Structures										
Rail Furniture		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure										
Sand Pumps										
Piers										
Revetments		–	–	–	–	–	–	–	–	–
Promenades										
Capital Spares										
Information and Communication Infrastructure										
Data Centres										
Core Layers										

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34 849
100.0%
147.5%

Table 63 MBRR SA35 – Future financial implications of capital budget**NC072 Umsobomvu - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description R thousand	Ref	2019/20 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	Forecast 2022/23	Forecast 2023/24	Forecast 2024/25	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE & COUNCIL		-	-	-				
Vote 2 - FINANCE & ADMIN		1						
Vote 3 - COMMUNITY SERVICES		783	-	-				
Vote 4 - TECHNICAL		1						
SERVICES Vote 5 - [NAME OF VOTE 5]		100	31	34				
Vote 6 - [NAME OF VOTE 6]		38 353	207	849				
Vote 7 - [NAME OF VOTE 7]		-	-	-				
Vote 8 - [NAME OF VOTE 8]		-	-	-				
Vote 9 - [NAME OF VOTE 9]		-	-	-				
Vote 10 - [NAME OF VOTE 10]		-	-	-				
Vote 11 - [NAME OF VOTE 11]		-	-	-				
Vote 12 - [NAME OF VOTE 12]		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
List entity summary if applicable								

Total Capital Expenditure	2	41 236	31 207	34 849	-	-	-	-
<u>Future operational costs by vote</u>								
Vote 1 - EXECUTIVE & COUNCIL								
Vote 2 - FINANCE & ADMIN								
Vote 3 - COMMUNITY SERVICES								
Vote 4 - TECHNICAL SERVICES								
Vote 5 - [NAME OF VOTE 5]								
Vote 6 - [NAME OF VOTE 6]								
Vote 7 - [NAME OF VOTE 7]								
Vote 8 - [NAME OF VOTE 8]								
Vote 9 - [NAME OF VOTE 9]								
Vote 10 - [NAME OF VOTE 10]								
Vote 11 - [NAME OF VOTE 11]								
Vote 12 - [NAME OF VOTE 12]								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
	3							
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
<u>Future revenue by source</u>								
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Rental of facilities and equipment								

<i>List other revenues sources if applicable</i> <i>List entity summary if applicable</i>							
Total future revenue		-	-	-	-	-	-
Net Financial Implications		41 236	31 207	34 849	-	-	-

Umsobomvu Municipality 2019/20 Annual Budget and MTRF

Table 63 MBRR SA36 - Detailed capital budget per municipal vote

NC072 Umsobomvu - Supporting Table SA36 Detailed capital budget

Function	Project Description	Project Number	Type	MTSF Service Outcome	IUDF	Own Strategic Objectives	Asset Class	Asset Sub-Class	Ward Location	GPS Longitude	GPS Latitude	2019/20 Medium Term Revenue & Expenditure Framework				
												Audited Outcome 2017/18	Current Year 2018/19 Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality: <i>List all capital projects grouped by Function</i>																
Various	Electrification Ouboks							Reticulation		30° 25 07' 10"E	42 00"S		3	10	1	2
Electricity -	Electrification - Noupoot						Infrastructure - Electricity					836	000	920	026	
Electricity -	Purchase New Crane truck						Infrastructure - Electricity	Electricity Generation Facilities								
Electricity -																
Water	Bulk Water supply							Equipment		31° 24 56" 00"	21° 00"E					
Water	Colesberg WTW							Water purification								
Sanitation	Abstraction Orange river	EL 2.2.1					Infrastructure - Water	Sewerage purification								
Sanitation	Upgrading of WwTW						Infrastructure - Water	Sewerage reticulation	Upgrade			10	16	18	21	
Sanitation	Colesberg orvalspont							Sewerage reticulation								
Water	Internal Sewerage Netwo	W1.3					Infrastructure - Sanitation	Bulk Mains				000	320	000	000	
Water	Upgrading of VIP's and	WB1.3					Infrastructure - Sanitation	Bulk Mains				3 745				
Water	Bucket Syste	W1 r					Infrastructure - Sanitation	Bulk Mains								
Water	Noupoot Bulk Water supply Upgrad rade	S1.2.8					Infrastructure - Sanitation	Distribution				5	9			
Roads	Kuyasa Main Road	ewb1.4						Storm water	Upgrade			873	416			
Roads Noupoot							Infrastructure - Water	Roads, Pavements & Bridges								
Roads Norvalspont	Water Pipe	LWB 1.3.4					Infrastructure - Water	Roads, Pavements & Bridges								
Roads Colesberg	Carolouspoort Water Pipe Line						Infrastructure - Water	Roads, Pavements & Bridges								
Roads	Van der Waltsfontein							Roads, Pavements & Bridges	Upgrade			4	500	1	11	11
Roads	Pipe Line	RS1					Infrastructure - Road transport	Roads, Pavements & Bridges				908		287		
Roads		RS3						Roads, Pavements & Bridges								
Corporate Services	Stormwater drainage	RS5					Infrastructure - Road transport	Roads, Pavements & Bridges								
Solar Geyser Project	Noupoot	RS4					Infrastructure - Road transport	Roads, Pavements & Bridges	Upgrade			1	1			
Bulk Water to be specified	Voortrekker Street						Infrastructure - Road transport	Roads, Pavements & Bridges				000	117			
	Roads Network	PW 1.1						Roads, Pavements & Bridges								
	New Oubox Aerterial Road						Infrastructure - Road transport	Roads, Pavements & Bridges	Upgrade							
Community services	Block Paving							General vehicles	Upgrade							
Community services	Ring Road Kuyasa						Infrastructure - Road transport									
Community services	Ngqandu and Madikane	el						Other								
Community services	Streets						Infrastructure - Road transport	Dams & Reservoirs								
Community services	Upgrading of Nerina Street to Concrete							Cemeteries/Crematoria				133	640			
Public Roads	New Vehicles	SPPE1.1					Infrastructure - Road transport	Cemeteries/Crematoria	New			200	210			
Housing	Electricity						Other Assets									
Sport and Recreation	Bulk Water						Other		New							
Sport and Recreation	Colesberg Cemeteries						Infrastructure - Water	Municipal Offices	New			220	200			
Finance	Noupoot Cemeteries						Community	Plant & equipment	New			10				
Corporate Services	New Bakkie - Parks & Recreation	PWPPE1.2					Community									
Corporate Services	New Bakkie - Recreation	H2					Transport Assets	Other								
Corporate Services	New Bakkie - Property Services						Transport Assets	Outdoor Facilities								
Corporate Services	New Vehicle - Library						Transport Assets	Plant & equipment	New				50			
Corporate Services	Office furniture						Furniture and Office Equipment	Municipal Offices	New							
Community services	Compactor						Equipment		New							
Finance	100 Houses Noupoot						Machinery and Equipment	Computers - software & programming	New			5				
	Noupoot Sport Complex						Equipment	Computers - software & programming	New			49	8			
	Sports Ground						Other	Computers - software & programming	New							
	Maintanance Machines						Sport and Recreation Facilities Machinery and	Computer Software and Applications	New				10			
	Office furniture	F1 IT1					Equipment	Plant & equipment	New					20		

	Time and Attendance Machine New Laptop New Laptop Welding Machine Cameras Automatic Camera System Municipal Financial System						Furniture and Office Equipment Computer Equipment Computer Equipment Computer Equipment Machinery and Equipment Machinery and Equipment Machinery and Equipment Intangibles	Plant & equipment Testing Stations Computers - software & programming					28 1 480	150 1 595		
Parent Capital expenditure													- 486	31 236	41 207	31 849
Entities: List all capital projects grouped by Entity																
Entity A Water project A																
Entity B Electricity project B																
Entity Capital expenditure													- 486	- 236	- 207	- 849
Total Capital expenditure													- 486	31 236	41 207	31 849

Table 64 MBRR SA37 - Projects delayed from previous financial year

None

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a final stage and will be finalised after approval of the 2019/20 MTREF in May 2019 directly aligned and informed by the 2019/20 IDP.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

2.14 Other supporting documents

Table 65 MBRR SA1 – Supporting detail to budget financial performance

NC072 Umsobomvu - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

	Ref	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework

Description		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre- audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates		8 144	8 591	10 128	10 736	11 352	11 352	11 352	12 033	12 755	13 520
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>	6			273	289	289	289	289	307	325	344
Net Property Rates		8 144	8 591	9 855	10 447	11 062	11 062	11 062	11 726	12 430	13 176
Service charges - electricity revenue											
Total Service charges - electricity revenue	6	27 911	26 973	33 797	36 109	36 065	36 065	36 065	40 754	43 607	46 660
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month) less Cost of Free Basis Services (50 kwh per indigent household per month)</i>					2 291	2 291	2 291	2 291			
		—	—	001	—	—	—	—	500	2 800	3 000
Net Service charges - electricity revenue	6	27 911	26 973	31 796	33 818	33 773	33 773	33 773	38 254	40 807	43 660
Service charges - water revenue											
Total Service charges - water revenue		3 220	5 898	14 781	15 668	15 668	15 668	15 668	16 608	17 605	18 661
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month) less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>					2 051	2 200	2 200	2 200			
		—	—	795	—	—	—	—	500	2 750	3 000
Net Service charges - water revenue		3 220	5 898	12 986	13 617	13 468	13 468	13 468	14 108	14 855	15 661
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		8 355	9 393	10 447	11 074	11 087	11 087	11 087	11 756	12 461	13 207
<i>less Revenue Foregone (in excess of free sanitation service to indigent households) less Cost of Free Basis Services (free sanitation service to indigent households)</i>	6				2 106	2 700	2 700	2 700			
		—	—	847	—	—	—	—	800	2 900	3 000
Net Service charges - sanitation revenue		8 355	9 393	8 600	8 968	8 387	8 387	8 387	8 956	9 561	10 207
Service charges - refuse revenue											
Total refuse removal revenue		450	044	487	936	342	342	342	843	373	936
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households) less Cost of Free Basis Services (removed once a week to indigent households)</i>					475	200	200	200			
		—	—	251	—	—	—	—	500	2 800	3 000
Net Service charges - refuse revenue	3	450	044	235	461	142	142	142	343	573	936
Other Revenue by source	1										

Fuel Levy	12	7	5	5	6	6	6	6	6	6
Other Revenue	058	425	588	619	582	582	582	701	876	992
Total 'Other' Revenue	12	7	5	5	6	6	6	6	6	6
	058	425	588	619	582	582	582	701	876	992

47 048
7 340
1 448
2 439
964
710
449
949
2 832
729
64 908
64 908
-
23 622
23 622
29 642
1 200
30 842

-	-
-	-
-	-
1 364	1 459
1 364	1 459
1 364	1 459
50	50
1 200	1 200
150	190
3 346	3 546
8 718	9 298
4 862	4 912
6 316	6 656
3 425	4 080
1 565	1 585
250	250
1 182	1 237
100	100
871	871
701	750

382
345
210
2 000
1 415
739
165
195
610
606
1 567
641
250
43 851

4 912
4 912

[Table 66 MBRR Table SA2 – Matrix financial performance budget \(revenue source / expenditure type and department\)](#)

[illegible]

Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) Transfers and subsidies - capital (in-kind - all)				38 353													(20 047) 38 353
																	-
																	-
Surplus/(Deficit) after capital transfers & contributions		30 853	(14 295)	(6 224)	7 971	-	-	-	-	-	-	-	-	-	-	-	18 306

Table 67 MBRR Table SA3 – Supporting detail to Statement of Financial Position**NC072 Umsobomvu - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'**

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
ASSETS											
Call investment deposits											
Call deposits		6		1	1	1	1	1	2	2	3
Other current investments		292	837	115	518	518	518	518	088	658	228
Total Call investment deposits		6		1	1	1	1	1	2	2	3
Consumer debtors		292	837	115	518	518	518	518	088	658	228
Consumer debtors		10	16	128	32	32	32	32	50	68	87
Less: Provision for debt impairment		410	403	747	834	834	834	834	155	486	956
Total Consumer debtors				(11)	(11)	(11)	(11)	(11)	(11)	(11)	(11)
Debt impairment provision	2	10	16	117	21	21	21	21	38	57	76
Balance at the beginning of the year		410	403	359	446	446	446	446	768	098	568
Contributions to the provision				11	11	11	11	11	11	11	11
Bad debts written off	2			388	388	388	388	388	388	388	388
Balance at end of year											
Property, plant and equipment (PPE)				11	11	11	11	11	11	11	11
PPE at cost/valuation (excl. finance leases)		–	–	388	388	388	388	388	388	388	388
Leases recognised as PPE		530	527	612	575	575	575	575	615	645	680
Less: Accumulated depreciation		974	480	317	706	706	706	706	329	895	744
Total Property, plant and equipment (PPE)	3			25	25	25	25	25	31	29	23
		530	527	827	827	827	827	827	139	504	622
	2	974	480	586	549	549	549	549	584	616	657
				490	879	879	879	879	190	391	122
LIABILITIES											
Current liabilities - Borrowing	5										
Short term loans (other than bank overdraft)		1	1								
Current portion of long-term liabilities	2	241	048								
Total Current liabilities - Borrowing		1	1					–	–	–	–
Trade and other payables	4	241	048	–	–	–	–	–	–	–	–
Trade Payables		40	40	2	8257	8257	8257	8257	8	11	6
Other creditors		306	289	500					557	257	257
Unspent conditional transfers					9859	9859	9859	9859			
VAT				350					7	10	13
Total Trade and other payables									523	273	193
Non current liabilities - Borrowing		40	40	2	18	18	18	18	16	21	19
Borrowing		306	289	850	117	117	117	117	081	530	451
Finance leases (including PPP asset element)		1	2								
Total Non current liabilities - Borrowing		256	367	979							
Provisions - non-current		1	2	979	–	–	–	–	–	–	–
Retirement benefits		16	16	12	12	12	12	12	12	13	14
List other major provision items		577	742	515	202	202	202	202	996	775	602
Refuse landfill site rehabilitation				12	4	4	4	4	4	5	5
Other				393	704	704	704	704	987	286	603
Total Provisions - non-current		16	16	24	16	16	16	16	17	19	20
		577	742	908	907	907	907	907	982	061	205
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											

Accumulated Surplus/(Deficit) - opening balance	1	518	507	688	566	559	559	559	605	665	732
GRAP adjustments		908	024	249	489	406	406	406	838	920	559
Restated balance											
Surplus/(Deficit)											
Appropriations to Reserves		518	507	688	566	559	559	559	605	665	732
Transfers from Reserves		908	024	249	489	406	406	406	838	920	559
Depreciation offsets	2	14	(1	12	10	12	12	12	18	17	29
Other adjustments		882	351)	128	250	398	398	398	306	597	490
Accumulated Surplus/(Deficit)		(28									
Reserves		933)									
Housing Development Fund											
Capital replacement											
Self-insurance											
		(369)									
		3			(10	(12	(12	(12			
		543			250)	398)	398)	398)			
		508	505	700	566	559	559	559	624	683	762
		031	674	377	489	406	406	406	144	517	049
Other reserves											
Revaluation											
Total Reserves											
		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	508	505	700	566	559	559	559	624	683	762
		031	674	377	489	406	406	406	144	517	049

Table 68 MBRR Table SA9 – Social, economic and demographic statistics and assumptions

NC072 Umsobomvu - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics												
Population						28	28	28	28	28	28	
Females aged 5 - 14												
Males aged 5 - 14												
Females aged 15 - 34												
Males aged 15 - 34												
Unemployment												
Monthly household income (no. of households)	1, 12											
No income						1 058	1 058	1 058	1 058	1 058	1 058	
R1 - R1 600						2 498	2 498	2 498	2 498	2 498	2 498	
R1 601 - R3 200						1 700	1 700	1 700	1 700	1 700	1 700	
R3 201 - R6 400						1 133	1 133	1 133	1 133	1 133	1 133	
R6 401 - R12 800						769	769	769	769	769	769	
R12 801 - R25 600						420	420	420	420	420	420	
R25 601 - R51 200						180	180	180	180	180	180	
R52 201 - R102 400						49	49	49	49	49	49	
R102 401 - R204 800						13	13	13	13	13	13	
R204 801 - R409 600						20	20	20	20	20	20	
R409 601 - R819 200												
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13					3556.00	3556.00	3556.00	3556.00	3556.00	3556.00	
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						23 636	23 636	23 636	23 636	23 636	23 636	
Number of poor people in municipal area						10 347	10 347	10 347	10 347	10 347	10 347	
Number of households in municipal area						6	6	6	6	6	6	
Number of poor households in municipal area						3	3	3	3	3	3	
Definition of poor household (R per month)						1 800	1 800	1 800	1 800	1 800	1 800	
Housing statistics	3											
Formal						8 505	8 505	8 505	8 505	8 505	8 505	
Informal						301	301	301	301	301	301	
Total number of households			-	-	-	8 806	8 806	8 806	8 806	8 806	8 806	-
Dwellings provided by municipality	4											
Dwellings provided by province/s												
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	-	-	-	-	-	-	-
Economic	6											
Inflation/inflation outlook (CPIX)							10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Interest rate - borrowing							8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Interest rate - investment							6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Remuneration increases							6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Consumption growth (electricity)							7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (water)							7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Collection rates	7											
Property tax/service charges							87.0%	87.0%	87.0%	87.0%	87.0%	87.0%
Rental of facilities & equipment							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments							100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors							80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Revenue from agency services												

NC072 Umsobomvu - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19	2019/20 Medium Term Revenue & Expenditure Framework
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MAY 2019

Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)							6	6	6	
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)							135	143	152	
Refuse (average litres per week)							50	50	50	
Revenue cost of subsidised services provided (R'000)										
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA) Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	9									
Water (in excess of 6 kilolitres per indigent household per month)										
Sanitation (in excess of free sanitation service to indigent households)				289	289	289				
Electricity/other energy (in excess of 50 kwh per indigent household per month)				2 051	2 200	2 200				
Refuse (in excess of one removal a week for indigent households)	6	-	-	273	106	700	700	307	325	344
Municipal Housing - rental rebates		-	-	-	2	2	2	-	-	-
Housing - top structure		-	-	-	291	291	291	-	-	-
subsidies Other		-	-	-	1	2	2	-	-	-
Total revenue cost of subsidised services provided		-	-	-	475	200	200	-	-	-
		-	-	273	213	681	681	307	325	344

Table 69 MBRR SA32 – List of external mechanisms

None

2.14 Municipal manager's quality certificate

I, AMOS CHINA MPELA, municipal manager of Umsobomvu Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name AMOS CHINA MPELA

Municipal manager of Umsobomvu Municipality (NC072)

A handwritten signature in black ink, appearing to read 'Amos China Mpele', is written over a light gray rectangular background.

Signature

Date 30/05/2019